**Chapter 7. Parliamentary Democracy: Pros and Cons of Perishable Governments**

**Learning Objectives**

* **1**Describe Aristotle’s concept of a mixed regime, and identify a modern political system that perhaps best embodies the Aristotelian model.
* **2**Compare the U.S. presidential model to British-style parliamentary systems.
* **3**Argue the case both for and against a powerful executive branch.
* **4**Compare and contrast the executives in the UK, Germany, and France.
* **5**Compare and contrast the British parliament and the U.S. Congress.
* **6**Explain the view that Japanese government and society is Western in form but Japanese in substance.
* **7**Identify the obstacles to parliamentary democracy in India and Israel compared to countries in Western Europe.

We have not only to study the ideally best constitution. We have also to study the type of constitution which is practicable [that is, the best for a state under actual conditions]…. The sort of constitutional system which ought to be proposed is one which men can be easily induced, and will be readily able, to graft onto the system they already have.

Aristotle, *The Politics*[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#LQHN36ZKLXMMZNGH1460)

Long ago, the great Greek philosopher Aristotle made a compelling case for the systematic comparison of political systems. Today, the value of comparative political analysis is widely recognized in the discipline. We have seen that strikingly different forms of government are possible—democratic, authoritarian, and totalitarian—and that there are many permutations of each form. Authoritarian regimes, for example, can be monarchies, military juntas, theocracies, and so on. Democracies also vary widely, as we noted in **Chapter 4**. The form of democracy found in the United States is the one Americans know best, of course, but most Europeans are far more familiar with a very different model of democracy, one that originated in England—a country that is separated from the Continent by a narrow expanse of water and a wide expanse of history and culture.

In this chapter, we compare parliamentary democracies with a view to identifying how they differ between and among each other. We also ask what variations appear to result in dysfunctional systems and whether or not remedies are available. Finally, we ask how parliamentary systems compare to our own and revisit the question asked in **Chapter 4**: Which model of democracy works better?

# Great Britain: Mother of All Parliaments

The British system has its origins in horticulture, not architecture. Unlike the U.S. Constitution, it is not based on a blueprint devised by rational minds. Instead, it grew out of England’s unique history and geography and its evolving political culture. The organic nature of the British parliamentary system raises an obvious question about whether it can be transplanted, but first we take a closer look at this unique representative democracy.

The political system that formed after the American Revolution represented a sharp break with the European autocratic tradition, and it required a fresh political theory. Although there is no British counterpart to The Federalist Papers, we find a sort of homegrown theory of British-style democracy in the writings and speeches of Edmund Burke. Burke detailed Britain’s long unbroken chain of political development, during which, significantly, economic equality and political liberty expanded together. As the monarchy declined in power, British government became increasingly democratic, evolving into a **parliamentary system**. It was gradually established that the British monarch would automatically accept Parliament’s choice of prime minister (PM). In time, the PM eclipsed the monarch as the head of government. Today, the monarch Queen Elizabeth II is the head of state but with no executive power—a beloved figurehead.

## A Mixed Regime

From the seventeenth century on, the British parliamentary system became a prime example of what Aristotle called a **mixed regime**, in which different institutions represent different classes. The House of Lords represented the interests of the traditional governing classes, whereas the House of Commons gradually came to represent the interests of the general electorate, expressed through free elections and increasing suffrage.

Great Britain’s mixed regime historically promoted stability by providing representation for classes that otherwise might have become openly hostile toward one another. The famed British welfare state of today is designed to perpetuate a large middle class through an elaborate system of income redistribution. Although the traditional representation of separate social classes has become largely irrelevant, the two major parties—the Conservatives and Labour—continue to retain the distinctions, attitudes, and values of a class-conscious society.

The supreme legislative body is the popularly elected House of Commons (see below), while the aristocratic House of Lords has been reduced to little more than a debating society. The Parliament Acts of 1911 and 1949 made it impossible for the House of Lords to block legislation passed by the Commons. Today, the Lords can do no more than propose amendments or delay a bill from taking effect for one year.

About eight hundred individuals (including appointed life peers and hereditary peers, plus twenty-five Anglican bishops and archbishops) claim formal membership in the House of Lords, but only about three hundred play an active role.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#GVDDX923Q9955DKVM963) The British upper house can easily be seen as an anachronism in the modern age, perhaps even a little ridiculous—and not only to outsiders.

A major reform bill to democratize the Lords by drastically reducing its size (to 450) and directly electing 80% of its members was introduced in the House of Commons in 2012. The Liberal Democrats and the Labour Party, along with some Tory backbenchers, demanded a popular referendum to decide the matter.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#PKZGUG92LZGJAC4G6876) But the plan was abandoned after the Conservatives “broke the coalition contract,” according to “Lib Dem” leader Nick Clegg (his Liberal Democrats joined David Cameron’s Conservatives to form a coalition government when no party won a clear majority in the 2010 national elections).

## Fusion of Powers

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Under the British parliamentary system, the executive branch—the prime minister and the cabinet—is formed after each election and consists of the leaders of the victorious party within the House of Commons, endorsed by the Parliament and appointed by the queen. Although all members of Parliament, including those in the opposition party, are free to question and criticize, the victors control the government.

When a victorious party leader takes over in the United Kingdom, it is understood the new government will serve for no more than five years before seeking a new mandate from the voters. A British PM’s job security entirely depends on his or her ability to maintain “confidence”—an elusive but vital intangible in British politics. Think about what the ever-present possibility of falling from power means in practice.

### Politics and Pop Culture “You Might Think That …

… but I couldn’t possibly comment.” This is the famous line spoken by Ian Richardson’s character, Francis Urquhart, in the House of Cards trilogy. The title is a clever wordplay on the British House of Commons. Urquhart is the cunning Chief Whip of the Conservative Party whose life ambition is to become prime minister. He will stop at nothing to get what he wants. An attractive young woman plays a key role in the story; she’s a journalist who has ambitions of her own. They use each other. It’s a fatal attraction fit for a plot in Shakespeare (think: Macbeth and Richard III).

House of Cards is a television drama that originally aired on the BBC in 1990. After much critical acclaim, two sequels were made: “To Play the King” and “The Final Cut.” Andrew Davies adapted all three screenplays from books written by Michael Dobbs, a former Chief of Staff at Conservative Party headquarters when Margaret Thatcher was prime minister. The BBC series later aired on public television in the United States and again gained a wide audience and high praise. In 2013, a new adaptation of the story, starring Kevin Spacey as Francis “Frank” Underwood as the Majority Whip of the Democratic Party, was commissioned and released by Netflix.

In the United States, the public has long had a fascination with the American presidency—a fact that’s reflected in a wide variety of films, plays, and novels, including: The American President starring Michael Douglas, Election (Reese Witherspoon), Mr. Smith Goes to Washington (Jimmy Stewart), 12 Angry Men (Henry Fonda), The Candidate (Robert Redford), Milk (Sean Penn), Lincoln (Daniel Day-Lewis), and many more. Day-Lewis even won the Academy Award for best actor for his presidential role in 2012.

But Hollywood alone can’t satisfy the public’s appetite for stories about presidents. The West Wing, a political drama mainly set in the White House, is one of the most popular TV series in recent years. Martin Sheen, Stockard Channing, and Alan Alda play leading roles. The series ran from 1999 to 2006, encompassing 156 episodes. Consultants who helped ensure the accuracy of character portrayals as well as the action and atmospherics of life in the White House included former White House staffers Dee Myers, Marlin Fitzwater, Peggy Noon, and Gene Sperling. Netflix now offers viewers all seven seasons, and multiple Twitter handles for West Wing characters continue to keep the show alive.

So if your friends try to tell you that politics is boring, just say, “You might think that….” Then invite them to the movies and wait for the curtain to go up.

* Whether it’s a play by William Shakespeare or a Steven Spielberg film about politics, the characters are always flawed, the plot involves intrigue and betrayal, and the endings are seldom happy. Dramatizations of politics in Shakespeare’s day when monarchs ruled and today when democracy is well-established in many countries are not that different. What does that say about the success or failure of democratic institutions in creating a new kind of political culture, one conducive to “life, liberty, and the pursuit of happiness“? Think about it.

(Hint: “Democracy is the worst form of government, except for all the others.” Is it true? Winston Churchill is often cited as the source of this comment. Assuming he said it, was he celebrating or denigrating democracy?)

In the United States, elections are held at regular intervals that never change; voters always know exactly when the next election will be held. Not so in the British system. Parliament is required to stand for election every five years, but the prime minister can call for elections earlier if it looks as though the mood of the electorate momentarily favors the ruling party. By the same token, Parliament can force the government to resign by a vote of “no confidence.” In this event, either a new government is formed under new leadership or the queen dissolves Parliament and calls new elections.

The authority to decide when to call new elections can be a big advantage for the party in power. Prime Minister Margaret Thatcher made particularly shrewd use of this authority in 1983, for example. After serving only four years, the “Iron Lady” (as she was often called) capitalized on a surge of British patriotism, spurred by a war with Argentina over the Falkland Islands, to renew the Conservative Party’s mandate to rule for another five years.

In 1987, Thatcher again called for an election four years into her term and won. Three years later, Thatcher’s popularity fell as a result of her support for a poll tax that many Britons considered regressive and unfair. Under attack within her own Conservative Party, she resigned, turning over the reins of government to her successor, John Major. But by then she had already held the United Kingdom’s highest office for more than a decade—a twentieth-century record.

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In the United Kingdom, the resignation of a chief executive who has lost public confidence is expected. Prime Minister Neville Chamberlain (1869–1940) resigned in 1940, despite the fact that his party still commanded a majority in the House of Commons. So widespread was his unpopularity after his “appeasement” of Adolf Hitler at Munich that he stepped aside and let another Tory leader take charge—a chap named Winston Churchill. The redoubtable, gravel-voiced, cigar-smoking Churchill, of course, proved to be one of history’s great wartime leaders.

Other circumstances may cause a government to fall before its five-year term has expired. If the majority party’s policy is unpopular or if the government becomes embroiled in a scandal, a motion of no confidence can be introduced. If the motion passes in a **no-confidence vote**, the government resigns. The prime minister then asks the monarch to dissolve parliament and call for new elections. In countries with multiparty parliamentary systems, governments come and go frequently in this manner, but it is rare in the United Kingdom, where it has not happened since Prime Minister James Callaghan lost a no-confidence motion in 1979.

## Disciplined Parties

**Party discipline** in the United Kingdom manifests itself in a ritual show of public unity, coherent party platforms, and bloc voting. British parties differ sharply in this respect from U.S. parties, which are more loosely organized and often less important to voters than are the personal traits of the candidates.

In Parliament, the government demands unwavering support from its majority-party members. Strong party discipline does not mean that MPs never cross the aisle to vote with the opposition, however. They can also abstain on an important vote or even engineer a party realignment. In the early 1900s, for example, when the trade union movement transformed the British working class into a powerful political force, the Labour Party eclipsed the old Liberal (or Whig) Party as the Conservative (or Tory) Party’s chief rival.

The party-out-of-power—formally called Her Majesty’s **Loyal Opposition**—criticizes the majority’s policy initiatives and holds the government accountable for its actions. Criticism is usually tempered by civility, because the Opposition “thinks of itself as the next government, and a wise Opposition operates within those limits which it hopes its own opponents will respect when the tables are turned.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#ELSY0LEP7FPEXN39F257) In fact, the Leader of the Opposition is considered an essential role player in the British system—and since 1937 given a special salary paid out of public funds.

## Are Two Heads Better Than One?

Unlike the United States, where one chief executive (the president) serves as both the head of state and the head of government, Great Britain separates these functions. The British head of state is the reigning monarch. Queen Elizabeth II, “arguably the most famous person in the world,” has occupied the British throne for over half a century. The monarch is a national symbol and a source of unity, personifying the state but not wielding its powers.

The actual head of the government is the prime minister, who, in close consultation with key cabinet members (often called the inner cabinet), sets domestic and foreign policy. National policy emerges from this leadership core, which then presents it to the cabinet as a whole. Cabinet members who are out of step with the government on an important policy matter are expected to resign quietly.

## A Model with Legs

Most European democracies are patterned after the British system, although with mixed results. France under the Third and Fourth Republics (1876–1958) and Italy since World War II came to be dominated by political parties and a parliament. The political party system became fragmented, internal party discipline broke down, and the government fell victim to never-ending legislative skirmishes. Strong executive leadership was often missing in France before 1958 and remains a chronic problem in Italy to this day.

Such conditions have led to political stalemate in both countries at different times. In France, during the entire life span of the Third and Fourth Republics, no single party ever won a majority of seats in the National Assembly, and no fewer than 119 governments ruled the country, each with an average life of less than a year. A similar malaise has plagued Italy, which had more than forty prime ministers between 1945 and 1986 (one per year on average).

Yet today, parliamentary governments are found all over Europe, with few exceptions—a major triumph in a region divided by war, revolution, and totalitarian rule until recently. Parliamentary rule is Britain’s gift to Europe and the world—a model with “legs.”

### Ideas and Politics The British Agenda: A Sampler

### The Economy

Under Labour leadership, Britain developed a model welfare state in the 1950s and 1960s but was stricken by stagflation, or simultaneous recession and inflation, in the 1970s. In 1979, Margaret Thatcher led the Conservative Party to victory and set about reprivatizing state-run industries and systematically deregulating the British economy.

Voters turned the Conservatives out of office in 1997 for the first time in nearly two decades. Under Labour Prime Minister Tony Blair’s market-friendly policies, the British economy outperformed Europe’s other major economies (Germany, France, and Italy). Gordon Brown moved into 10 Downing Street when Blair moved out in 2007. As Chancellor of the Exchequer (or Finance Minister) in the Blair government, Brown was in charge of economic policy. Although few disputed his qualifications for the job, Prime Minister Brown’s personal popularity hit a low ebb even before the 2008 global financial crisis took its toll.

Public confidence in Brown’s economic crisis-management skills briefly boosted his standing in opinion polls, but his lackluster personality and a sluggish economy set the stage for a Conservative comeback in the May 2010 elections. The British economy has bounced back from the post-2008 global recession faster than the EU as a whole. The UK had one of the lowest unemployment rates in 2014-2015 and the highest rate of GNP growth among Europe’s major economies. Britain’s addiction to deficit spending and public debt continues despite unpopular austerity measures that the Conservatives under Prime Minister David Cameron have put into effect.

### The Voting System

In a referendum held in May 2011, British voters roundly defeated a proposal to change the UK’s tradition-bound first-past-the-post electoral system to a new Alternative Vote (AV) system. Under the AV system, voters rank candidates in order of preference; if no one gets 50%, the candidate with the least votes is eliminated and voters’ second choices are allocated to the candidates; that process continues until a winner emerges. The Conservative “Lib Dem” coalition pushed for this change. Labour opposed it, fearing it was part of a larger Tory strategy aimed at changing constituency boundaries (called “redistricting” in the United States)

### Paying for the Welfare State

In 2010, PM Cameron unveiled a plan calling for deep cuts in public spending as a cure for Britain’s chronic budget deficits. This austerity plan came at a time when sluggish growth and rising unemployment prompted many economists to call for stimulus rather than austerity. Cameron’s deficit reduction target for 2012 was missed, despite the Tory government’s unpopular belt-tightening policies.

Even a steadily falling unemployment rate in 2013–2014 did not placate disgruntled voters. In 2014 by-elections, the populist UK Independence Party (UKIP) won 17% of the popular vote nationally—roughly the same share as Labour—taking half its votes from the Conservatives. That showing positioned UKIP to be the spoiler in the May 2015 national elections.

### Northern Ireland

The four options for settling the decades-old civil war in Northern Ireland (Ulster) are

* (1)

reunification of Ulster with Ireland,

* (2)

independence from Britain,

* (3)

devolution (home rule), or

* (4)

integration with Britain.

Before a 1994 cease-fire, the provisional Irish Republican Army (IRA) repeatedly carried out terrorist attacks in an effort to force the British from Northern Ireland and made bold attempts to assassinate both Thatcher and Major. By the time of the cease-fire, some three thousand people had been killed on both sides—Catholic and Protestant.

In January 2013, news of loyalist youths “fighting street battles with police on an almost nightly basis over the last six weeks” shattered any illusions about an end to sectarian violence in Northern Ireland.

### Scottish Independence

Scotland’s independence vote was one of the biggest stories in 2014. Polls indicated that it would be a close vote. Money poured in; celebrities weighed in; the world looked in; the suspense mounted. When the results were announced on the morning after the September election, British loyalists had reason to rejoice: Scotland had voted to stay in.

### “English Votes on English Laws”

On the morning after the Scottish independence vote, the Economist stated that David Cameron had “triggered a new constitutional crisis.” Scotland, Northern Ireland, and Wales, he pointed out, have their own assemblies, but England continues to be run from Westminster (Parliament), where they all have representation and can vote on all bills, including ones that only affect England. This, he said, has to change. One proposal is for a double majority system in Parliament whereby measures solely affecting England would have to be passed by a majority of the whole House of Commons and a majority of English MPs.

### The European Union

The United Kingdom joined the European Union (EU) in 1973. However, its policy toward the EU has been characterized by continuing ambivalence. In the 1990s, when adoption of the euro went into effect, British popular opinion was strongly against a common currency, and London opted out. In the minds of most British voters, the euro crisis has vindicated the UK’s decision not to join the euro zone.

Prime Minister Cameron is an outspoken Eurosceptic, saying there is “a lack of democratic accountability and consent that is … felt particularly acutely in Britain.” In early 2013, he pledged to hold a national referendum—an in-or-out vote—on British EU membership. In October 2014, Parliament nixed a bill to establish a referendum vote in 2017. Meanwhile, even UK ally Denmark agreed that London should pay the EU the extra £1.7 billion the European Commission demanded.

## Are All Parliamentary Systems Alike?

No. Most parliamentary systems function in ways similar to the British system, but in countries with multiple parties and proportional representation (see **Chapter 11**), the government often cannot count on a clear parliamentary majority. Where there are five or six parties in parliament—and none with a popular base to match either of Britain’s two major parties—it often happens that no single party has enough seats to form a government. In this event, coalitions, or two or more parties joining forces, are necessary. Sometimes coalition governments work fairly well; in the worst cases such as Italy, however, parliamentary rule can be unstable and even chaotic.

# France: President versus Parliament

The U.S. presidential and British parliamentary systems represent two different approaches to democratic government. Under the Fifth Republic founded in 1958 and forged in the crucible of a constitutional crisis, France fashioned a unique form of representative democracy that combines elements of both models. Today, France is the world’s fifth-ranked economy, sixth-ranked exporter; in the first half of 2012, it was the fourth-largest recipient of foreign direct investment and has more multinational corporations in the global Fortune 500 than the United Kingdom.

In June 2012, French voters brought François Hollande’s Socialists to power, replacing Nicolas Sarkozy’s center-right government. It was a stunning victory for a party that in the United States is wrongly perceived as incompatible with a stable democratic order. Wrongly, because it’s not the first time it’s happened in France and, despite all sorts of dire Chicken Little predictions emanating from the land of the Anglo-Saxons, the sky over ancient Gaul has not fallen.

## The Fifth Republic: A Hybrid System

The Fifth Republic was meant to overcome what its founder, Charles de Gaulle, understood to be the great nemesis of French politics: impotent executives dominated by fractious legislatures (see **Figure 7.2**). As de Gaulle was fond of pointing out, France’s first three experiments in republican government all ended in dictatorship.

Under the Fourth Republic (1946–1958), governments had lasted an average of six months. A profusion of political parties, some of fleeting duration, turned France’s parliamentary system into a travesty. Worse, parties at opposite ends of the political spectrum—Gaullists on the right and Communists on the left—both sought to undermine the Fourth Republic’s constitution and force the resignation of weak coalition governments.

The Fifth Republic’s constitution was short and simple. Its provisions were guided by de Gaulle, who, in a famous address twelve years earlier, declared:

The unity, cohesion, and internal discipline of the Government of France must be sacred objects or else the country’s leadership will rapidly become impotent and invalid…. The executive power should, therefore, be embodied in a Chief of State, placed above the parties … to serve as an arbiter, placed above the political circumstances of the day, and to carry out this function ordinarily in the Cabinet, or, in moments of great confusion, by asking the nation to deliver its sovereign decision through elections. It is his role, should the nation ever be in danger, to assume the duty of guaranteeing national independence and the treaties agreed to by France.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#MXQJSBM70UN5CYMNJ692)

In sum, the centerpiece of the constitutional system, de Gaulle insisted, would be a strong executive branch to counterbalance the perennially divided parliament. The centerpiece of the executive, however, would be the chief of state (president) rather than the prime minister.

## France’s Dual Executive

The basic elements of de Gaulle’s diagnosis are etched into nearly every provision of the 1958 constitution that pertain to the organization of public powers. In accordance with the parliamentary model, the French executive is divided (a **dual executive**). On paper, the prime minister (or premier) is the head of government; the president is head of state. Unlike the British monarch, however, the French president is democratically elected and wields executive powers similar, though not identical, to those of the U.S. president. As France’s leading political figure, the president is independent of the legislative branch, possesses a wide array of powers, and serves a fixed term in office (seven years from 1962 to 2000, but now five years).

France’s constitution positioned the president as the arbitrator of conflicting interests and competing political parties. As the nation’s chief diplomat and foreign-policy decision maker, the president appoints and dismisses the prime minister, dissolves the legislature, calls for new elections, declares a state of emergency, issues decrees having the force of law, and presides over cabinet meetings. In addition, the president can call for a national referendum, a device used a number of times since the 1960s. For example, in 1962, de Gaulle’s popular referendum to replace the electoral college with direct election of the president passed by an overwhelming majority. In a democratic age, nothing gives a political leader more legitimacy or moral authority than a mandate from the voters.

Compared with the president, France’s prime minister generally exercises less power and influence, although there is now a greater balance between these two offices than there was in de Gaulle’s time. As head of the government, the prime minister presides over the cabinet and is responsible to the legislature. Together, the prime minister and the cabinet oversee the running of government and the bureaucracy.

In general, however, the constitution of the Fifth Republic does not clearly delineate which powers or functions belong to the president and which belong to the prime minister. Due to his unrivalled stature in French politics, de Gaulle enjoyed considerable latitude in interpreting the constitution. Thus, during his tenure, the presidential powers were elastic—de Gaulle could, and did, stretch them to fit the needs of the moment.

No president after de Gaulle, however, has so dominated French politics. François Mitterrand, a Socialist, served as France’s president for fourteen years (1981–1995), but he was no de Gaulle. Neither was his center-right successor, Jacques Chirac. Not until the election of Nicolas Sarkozy (2007–2012)—a one-term wonder—did France have a charismatic center-right president with a Napoleon-sized ego to match de Gaulle’s (and a diminutive stature to match Napoleon’s). By that time, France had endured (and the Fifth Republic had survived) three periods of cohabitation in which the president and prime minister were from opposing political parties.

## Reduced Role of the National Assembly

If the presidency was clearly the big political winner under the Fifth Republic, the legislature was the loser. France’s parliament is divided into two houses, the Senate and the National Assembly. The French Senate, which has only limited powers, is indirectly elected. The **National Assembly**, its parliament, is popularly elected from multimember districts in a double ballot (two-stage) election process. As the focal point of legislative power, the National Assembly must approve all proposed laws. However, the word law is rather narrowly defined by the 1958 constitution; in fact, many matters are left to the executive branch, which has the power to issue “decree laws.”

The National Assembly is more interesting for the powers it does not have. For example, the French parliament has no power to introduce financial bills. If it fails to approve the government’s budget by a certain deadline, the executive can enact the budget by fiat (presidential decree).

## Rival Parties and Seesaw Elections

Unlike the United States, France has a wide spectrum of political parties. Rival parties exist on both the left and the right, as well as in the center, and both the Far Right and the Far Left often play a significant role in elections.

The two most important parties of the Left are the Communist Party and the Socialist Party. When left-leaning voters began turning away from the Communists in the late 1970s, the Socialist Party was the primary beneficiary on the left. In 1981, the Socialists won a resounding victory at the polls, and Socialist leader Mitterrand was elected president (a post he held for fourteen years after winning reelection in 1988).

In 1993, however, the center-right won a landslide victory, retaking control of the National Assembly; two years later, the neo-Gaullist candidate Jacques Chirac was elected president. Combined with the decisive center-right triumph in Senate elections that same year, Chirac’s election put the conservatives back in the driver’s seat—but not for long.

In the June 1997 elections, parties of the left, again led by the Socialists, won overwhelmingly. Chirac bowed to the will of the electorate and named Socialist Party leader Lionel Jospin the new prime minister. Jean-Marie Le Pen’s far-right National Party received more votes than the Gaullist UDF (Union for French Democracy)—14.9% to 14.2%—and nearly as many as Chirac’s RPR, which had 15.7%.Yet the two center-right parties garnered 242 seats in the National Assembly, while the National Party won but a single seat. Why?

France’s electoral system stacks the deck against fringe parties by requiring a second round of balloting when no candidate receives an absolute majority of votes in the first round. In practice, this means parties with similar (and less uncompromising) ideological stances can form temporary alliances between the two balloting rounds. As a result, the influence of fringe or extremist parties is greatly diminished.

In 2002, Chirac’s new center-right umbrella party called Union for a Popular Movement (UMP) won a clear majority in the National Assembly (357 seats, or 62% of the total) in the second round of balloting, but the result was misleading. The UMP, despite the preelection realignment that merged three center-right parties into one, received only 33% of the votes in the first round (just 7% more than the Socialists). The election outcome once again underscored the way France’s two-step electoral process produces a parliamentary majority out of a fragmented party system.

When center-right candidate Nicolas Sarkozy was elected president in May 2007, French voters gave the center-right a solid majority in the National Assembly, but the Socialists were not shut out: in fact, they made a net gain of forty-six seats while the UMP actually lost forty-four seats. In the 2008 local and regional elections, the UMP lost numerous city mayoral races and eight departmental presidencies.

In the 2012 national elections, Sarkozy and the center-right parties suffered a stinging defeat. François Hollande was elected president in a runoff, and his Socialist Party won 314 parliamentary seats, 25 seats more than the 289 needed to command an absolute majority. Eighty percent of the people voted, a big turnout that significantly changed the composition of the new parliament: “younger, more feminine, and more ethnically diverse than the old one, which was dominated by grey hair and suits.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#VAPPSVXN78SYQHZVS054) Many were first-timers, too—about 40%.

## Constitution under Pressure: Testing the Balance

The Fifth Republic has brought stable democracy to France for more than six decades now. De Gaulle’s influence has extended well beyond his presidency, and his broad interpretation of presidential powers prevails to this day. De Gaulle’s preference for a strong national economy that mixes a large role for the state (a French tradition) with a healthy respect for free-market principles remains firmly fixed as a part of his legacy. Nonetheless, without de Gaulle’s firm hand on the tiller, “long-range programs gave place to expediency, and party alignments obeyed the logic of electoral tactics rather than policy making.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#AWYBPXMPCGFRK4836832)

From the start of the Fifth Republic, France faced the danger of a **divided executive**: when the president and prime minister represented two different parties, embraced different ideologies, and advanced different policies. Although a deadlocked government remains a hazard in France’s dual-executive system, France has survived three periods of cohabitation, most recently from 1997 to 2002.

## Justice à la Française

The French judicial system is divided into two basic types of courts—ordinary courts and administrative courts—with different jurisdictions. Despite this rather routine distinction, France’s legal system has some interesting twists. For example, the High Council of the Judiciary, chaired by the president, decides on judicial promotions and discipline, whereas the High Court of Justice has the power to try the president for treason and members of the government for crimes related to abuses in office.

### Ideas and Politics The French Agenda: A Sampler

### The Economy

High taxes, mounting public debt, double-digit unemployment, an inflexible labor market, and a generally sluggish economy plagued France even before the global Great Recession brought a sharp downturn in the Europe’s single-market economy. The 2008 Wall Street banking crisis exposed the dire financial straits of Greece and several other EU countries, which in turn put Europe’s common currency—the euro—in jeopardy.

The euro crisis destabilized France not least because French banks held over 90 billion euros of Greek sovereign debt (government bonds) and Greece was teetering close to default (bankruptcy). If France’s banks were crippled, the lumbering French economy would also be crippled.

Sarkozy faced a dilemma: adopt unpopular austerity measures or continue to pile bigger and bigger budget deficits on a rapidly rising national debt. With public spending approaching three-fifths of national output (57%) and chronic budget deficits rising above 90% of GDP, France was losing its competitive edge within the EU, making it too difficult for companies to lay off workers and running a risk that businesses would relocate to more business-friendly countries.

Of course, France’s economic woes did not disappear when Sarkozy was turned out of office in 2012. It then fell to his successor, François Hollande and his Socialist party to pick up the pieces, including an 11–12% unemployment rate (double that for workers under age twenty-five).

### The Welfare State

France’s cradle-to-the-grave social spending model is facing huge challenges in the new era, which some are calling the decline of the West.

France’s much-remarked thirty-five-hour workweek is immensely popular, but critics say it places France at a competitive disadvantage. France, they say, is paying the price for profligate spending and pandering to labor unions, farmers, pensioners, and other special interests. Without a major overhaul of pensions—a highly charged political issue—the French treasury faces a rising tide of red ink. Wealth, corporate profits, and high incomes are heavily taxed, a fact dramatized in early 2013 when famed French film star Gerard Depardieu, protesting a new tax hike on the rich, left his native France for Russia where he will pay a flat 13% income tax rate rather than the 75% on income over 1 million euros ($1.3 million) in France.

### Immigration and National Identity

There are an estimated fourteen million French citizens of foreign ancestry (about 23% of the total population) and more than three million Arabs, mostly from Algeria, Morocco, and Tunisia. High unemployment and urban decay have eroded traditional French hospitality toward political exiles, refugees, and asylum seekers, as well as immigrants in general. Immigrants are often willing to work for low wages, crowd into cities, and compete for scarce jobs.

The election of Nicolas Sarkozy, a hard-liner on immigration, put the issue of “national identity” high on the French government’s policy agenda. In 2009, France’s minister for Immigration and National Identity, Eric Besson, kicked off a three-month national debate on “what it means to be French.” Muslim headscarves, citizenship classes, and a proposal to make schoolchildren sing France’s national anthem (“La Marseillaise”) were among the issues raised—symptoms of a deeper vein of race-tinged social tension in France that is not likely to disappear any time soon.

In 2010, 120,000 people became naturalized French citizens, but this number fell by more than 30% percent in 2011-2012. With an eye to the 2012 elections, the Sarkozy government deported 33,000 illegal immigrants in 2011 and moved to introduce a multiple-choice history and culture test for would-be citizens. But the new Socialist government scrapped this plan, easing the path to citizenship. A good proficiency in the French language is still required.

No one knows how many illegal immigrants reside in France now, but with the Socialists back in power, more will likely seek legal status.

### Foreign Policy

De Gaulle’s disdain for the “special relationship” between the United States and the UK and the mutual mistrust it fostered played a key role in shaping France’s postwar foreign policy. France participated in the U.S.-led campaign against the Taliban regime in Afghanistan after the 9/11 attacks, but President Chirac opposed the invasion of Iraq in 2003, defiantly blocking U.S. efforts in the UN Security Council to get the United Nations to endorse the action.

A virtual partnership between France and Germany has been an essential pillar of the European Union from its origins. Differences over how to deal with the euro crisis has led to severe strains in Franco-German relations in recent years. How this bilateral relationship at the core of the European project is managed in a time of crisis will go a long way toward deciding the fate of France and Europe in the coming years.

President Sarkozy sought to repair France’s strained relations with Washington and London. France rejoined NATO’s integrated military structure in 2009 after a forty-year absence. In November 2010, Britain and France signed a landmark fifty-year treaty on defense and security, envisaging the joint use of aircraft carriers, a 10,000-strong joint expeditionary force, and unprecedented levels of collaboration on nuclear missiles. Whether this new look in French foreign policy will survive now that Sarkozy has left the scene only time will tell.

The Constitutional Council is composed of nine justices—three nominated by the president of the republic, three by the president of the National Assembly, and three by the president of the Senate—plus all the past presidents of the republic. This judicial watchdog plays several vital roles in the French system. It supervises presidential elections and can investigate and resolve contested legislative races. Under certain conditions, it can also render opinions on laws and the constitution. The cases that come before the council deal with political issues brought by either the president of the republic, the prime minister, the two presidents of the legislature, or at least sixty members of the National Assembly or the Senate.

## The Balance Sheet

From the social and political upheavals of the late eighteenth century to the launching of the Fifth Republic in 1958, France’s quest for national unity and constitutional democracy was troubled and turbulent, but in the past half-century it has enjoyed the most stable government for the longest period since the French Revolution. This political system has proven to be more durable and adaptable than its predecessors, but the nation now faces big problems and avoiding unpopular solutions is not an option for Hollande’s Socialist government.

Of course, France is not alone in facing many daunting challenges that call for creative policy responses. Europe is struggling, which only complicates matter for any country on the continent trying dig out of a deep hole. The big question now is whether the dirigiste (state-directed) French economic model is sustainable without dismantling the entrenched welfare state—a move almost certain to have profoundly destabilizing effects on a society accustomed to benefits its government can no longer afford.

### Ideas and Politics Hollande: Stimulate This …

Hollande promised to stimulate a sluggish economy and reduce France’s chronic budget deficit by raising taxes on the rich, large companies, and financial transactions. The jobless rate remained above 10% in 2014-2015, and the GDP growth rate was flat—under 1.0%. In a desperate effort to stimulate the economy, Hollande reneged on his promise not to raise taxes on the middle class.

Meanwhile, Hollande was caught in another form of stimulating activity—namely, having an affair with a woman who was not the mother of his children. An opinion poll in the fall of 2014 found that 62% of French voters wanted Hollande to resign, but Hollande vowed to hang on, saying: “No poll, no political turmoil will make me go.”

* Scandals say a lot about cultural differences. Scandals in politics typically involve either money or sex. In parliamentary democracies like Britain, a sex scandal can bring down a government. In presidential systems based on the separation of powers, sex scandals can also be extremely disruptive. In Latin America, voters tend to be indifferent to the private lives of politicians. Does it matter how high-profile politicians and public figures behave in private? Think about it.

(Hint: Google any of the following names: Monica Lewinsky, Bill Clinton, Nelson Rockefeller, Megan Marshack, Christine Keeler, and John Profumo; also, Dominique Strauss Kahn, Francois Mitterand, Anne Pingeot, Felix Faure, and Marguerite Steinheil.)

# Germany: Federalism Against Militarism

Modern Germany burst onto the scene in the second half of the nineteenth century with sweeping military victories over Austria in 1866 and France in 1871. Those two wars were a prelude to two world-shattering wars in the first half of the twentieth century.

The two world wars changed Europe in fundamental ways. Germany started both of these calamitous conflagrations—a fact Europeans will never forget and never let Germany forget. After World War II, Germany and its former capital were partitioned and divided between East and West for fifty years. In 1989 the infamous Berlin Wall was dismantled, and the country reunited following the collapse of the communist regime in East Germany.

Germany’s postwar responsibility for Europe’s condition is still costing Germans in all sorts of ways. In 2011-2012, for example, with the “euro crisis” threatening to spread like a contagion, Europe expected Germany to bear the burden of bailing out Greece and saving Europe’s common currency. Meanwhile, in Greece and elsewhere, Germany was scorned and excoriated for demanding tough austerity measures as the price of bolstering the embattled euro. To understand Germany’s turbulent history, it is necessary to go back to the bitter (for Germans) legacy of World War I.

## The Weimar Republic

Hitler’s Third Reich sprang from the ashes of the **Weimar Republic**, Germany’s first experiment with constitutional democracy. The Weimar Republic was ill fated from the moment of its inception because it was associated with Germany’s humiliating defeat and the harsh peace terms imposed by the Allied powers after World War I. Burdened by punitive reparations, Germany fell victim to high unemployment, widespread business failures, and rampant inflation.

In the face of such turbulence, German society became polarized between the extreme Right and the extreme Left. In the words of one authority, “Stable democratic government was in jeopardy throughout the life of the Weimar Republic. The country was governed … by unpopular minority cabinets, by internally weak Grand Coalitions, or finally, by extra-parliamentary authoritarian Presidential Cabinets.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#UESFNAG97XXRKW3P7479) Between the two world wars (1919–1939), the country’s fragile political institutions were put to a test that proved fatal.

Given this background, the founding of the Federal Republic of Germany in 1949 was risky. Whether democracy could ever be made to work in a country that had only recently bowed to a deranged dictator, served a totalitarian state, and looked the other way while millions of innocent people were systematically murdered was an open question.

## Divided Germany: The Cold War in Microcosm

World War II destroyed Germany. The nation and its capital, Berlin, were subsequently bifurcated into the German Democratic Republic (GDR), or East Germany, and the Federal Republic of Germany (FRG), or West Germany. From 1949 to 1990, Germany and Berlin, the historical capital, became powerful symbols of the Cold War—the ideological rivalry between the United States and the Soviet Union—and the unbridgeable East–West divide.

The West German “economic miracle” in the 1950s was unmatched. In the 1960s, it was the main engine driving the newly established Common Market, a six-nation trading bloc that in time evolved into the world’s largest single economy—the European Union. West Germany’s success stood in stark contrast to the dismal Stalinist state of East Germany. The building of the Berlin Wall in 1961 aimed at keeping East Germans from escaping to the West highlighted the dramatic difference between the two Germanys. Berlin and “the Wall” became a metaphor for the Iron Curtain, proof that the peoples of the East living under communism were “captive nations” in the most literal sense, and a reminder to all in the West of the need for vigilance and unity in the ongoing struggle between freedom and tyranny.

## The Great Merger: Democracy Triumphant

For three decades, East Germans, whose living standards were far below West Germans’, had not been allowed to emigrate or even to visit relatives across the border.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#FQMSMYZSUCBUR8PJC520) It was the reform-minded Soviet leader Mikhail Gorbachev who opened the floodgates.

East Germany’s end came at a time when rebellion was rife in Central and Eastern Europe: Poland and Hungary had already taken giant steps toward dismantling communist rule, and Czechoslovakia, Romania, and Bulgaria were not far behind. For East German Communism, the unraveling started with a mass exodus and ended with the bulldozing of the Berlin Wall following the collapse of the East German regime in late 1989.

Following free elections in the former GDR in the spring of 1990, the two Germanys entered into a formal union, with Berlin restored as the capital. Together, the nearly simultaneous collapse of Soviet power and German reunification set the stage for the eastward expansion of the European Union.

The remaking of Germany carried a big price tag. West Germans paid for the economic rehabilitation of East Germany with a 7.5% income tax surcharge and a higher sales tax. Nonetheless, unemployment in eastern Germany remained high in the 1990s, hovering around 18%, nearly twice the rate in western Germany.

## German Federalism

Prior to 1989, the Federal Republic of Germany consisted of ten states, or Länder (singular, Länd), plus West Berlin. It was about equal in size to the state of Oregon. The merger of the two German states in 1989 added six new Länder to the federal structure (see Figure 7.3). Even so, no fewer than twenty-five countries the size of the united Germany would fit comfortably into the territory of the United States.

The main reason for German federalism is political rather than geographic—namely, to act as a barrier to overcentralization of power. The primary responsibility of the Länd, or state governments, is to enact legislation in specific areas, such as education and cultural affairs. They alone have the resources to implement laws enacted by the federal government, exercise police powers, administer the educational system, and place (limited) restrictions on the press. The federal government in Berlin has the exclusive right to legislate in foreign affairs, citizenship matters, currency and coinage, railways, postal service and telecommunications, and copyrights. In other areas, notably civil and criminal law, as well as laws regulating the economy, the central government and the Länder have shared powers, although the European Union plays a large and ever-greater role in regulating the economies of its twenty-eight member-states.

The Länder are more powerful and receive a larger proportion of tax revenues than U.S. states do. For example, individual and corporate income taxes are split between Berlin and the Länder in equal 40% shares; the remaining 20% goes to the cities. The Länder also receive one-third of the value-added tax, the large but hidden sales (or turnover) tax used throughout Europe.

## The Executive

Germany has a parliamentary form of government with a divided executive. The most important government official is the chancellor, akin to a prime minister. The head of the majority party in the lower house of parliament becomes the chancellor; if no one party enjoys an absolute majority, as has often been the case, a coalition government chooses the chancellor. The chancellor, with parliamentary approval, appoints and dismisses cabinet members. In case of a national emergency, the chancellor becomes commander-in-chief of the armed forces (which are integrated into the NATO alliance structure) and is responsible for the formulation and implementation of public policy. In 2005, Angela Merkel became the first woman chancellor in German history.

The president, as the titular head of state, serves a largely symbolic function, except in the event of political stalemate in parliament. Chosen indirectly for a seven-year term, the president is, like the king or queen of Great Britain, above party politics.

## The Legislature

The legislative branch of the German government is divided into a lower house, known as the **Bundestag**, and an upper house, called the **Bundesrat**. In this bicameral setup, as in France and Britain, the lower house is the more important of the two. In Germany, however, the upper house is a far bigger player than in France and Britain.

### The Bundestag

The presiding officer of the Bundestag is always chosen from the leadership of the majority party. Procedural matters are based on rules inherited from the Reichstag, the prewar legislature. Elections to the Bundestag are normally held every four years.

In Germany, the Basic Law (the constitution) requires a “constructive vote of no confidence,” meaning a chancellor cannot be ousted by a no-confidence vote unless the Bundestag simultaneously chooses a successor. This provision was intended as insurance against a recurrence of the governmental instability associated with Hitler’s rise to power.

Because the most important work is done in legislative committees, it is especially vital that political parties gain enough seats for a Fraktion, a block of at least fifteen legislative seats. It is only through this unit that deputies can be assigned to committees and political parties can receive formal recognition.

### The Bundesrat

The upper house must pass to the lower house any measure that would alter the balance of powers between the national government and the Länder. Members of the Bundesrat are not directly elected; the Länder governments appoint them, and they must vote as a bloc. This arrangement gives the German states a powerful weapon to protect themselves against federal encroachment and makes the Bundesrat one of the most important upper houses anywhere in the world. Germany’s state governments play a primary role in implementing federal policy as well as in helping to shape that policy in the concurrent areas designated under the Basic Law.

## Political Parties

Germany’s political party system was consciously designed to keep the number of parties from getting out of hand and to prevent tiny extremist groups from playing a significant role in the country’s political life. To gain Bundestag representation, parties must receive a minimum of 5% of the national vote and must win seats in a minimum of three electoral districts.

Another factor strengthening the major parties is the mode of elections to the Bundestag. Each voter casts two votes, one for the individual and another for a list of names determined by the party. This method of election gives the major parties a significant role in determining the future of those who aspire to careers in politics and public service, because fully half the members of the Bundestag are elected from party lists in multimember districts by proportional representation.

Since 1949, the German Federal Republic has had two major parties—the center-left Social Democratic Party (SPD) and the conservative Christian Democratic Union/Christian Socialist Union (CDU/CSU). Because the two major parties have frequently evenly divided the popular vote (and the seats in the Bundestag), the small Free Democratic Party (FDP) has often held the key to forming a government. Both the SPD and the CDU/CSU have courted the FDP at different times but for the same reason. As a result, the FDP has had power disproportionate to its popularity at the polls and has been a junior partner in several coalition governments.

In recent years, the Green Party, which started as a social protest movement emphasizing environmental issues, has gained in popularity. In 1998, when the SPD defeated the CDU/CSU but failed to win a majority of the seats in the Bundestag, the Social Democrats, then led by Gerhard Schröder, entered into a coalition with the Green Party to form a center-left government. Schröder, who succeeded Christian Democrat Helmut Kohl (and preceded Angela Merkel) as chancellor, named Green Party leader Joschka Fisher as his foreign minister.

## The Judiciary

Besides its ordinary judicial functions, the German court system is designed to act as a barrier against abuses of executive or legislative power and as a guardian of civil liberties. The regular judiciary, headed by the Supreme Court, operates alongside a set of four specialized federal tribunals: Labor Court, Social Court, Finance Court, and Administrative Court. From a political standpoint, the most important judicial structure is the Constitutional Court, which deals exclusively with constitutional questions and has the express power to declare the acts of both federal and Länd legislatures unconstitutional.

The Bundestag elects half the judges for the Constitutional Court, and the Bundesrat elects the other half. Most judges, however, are chosen on the basis of competitive civil service–type examinations and are appointed for life by the minister of justice, with the assistance of nominating committees selected by the federal and Länd legislatures. Indefinite terms help ensure judicial independence.

In some eyes, the Constitutional Court is Germany’s most powerful institution. It is certainly the most popular: almost 80% of Germans trust it, whereas fewer than half express confidence in the federal government and the Bundestag. One big reason is that the court is widely seen as being above politics. Any German citizen can bring a case before the Constitutional Court, and over the years many have done so.

## The Basic Law and Civil Liberties

In the realm of civil liberties, as one student of German politics declared, “The relevant historical experience was that of the Third Reich, with its oppressive flouting of all human liberties.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#EDHX9APWAAVV2V5ZL796) The first nineteen articles of the Basic Law—Germany’s constitution—are devoted to a careful elaboration of the unalienable rights of every German citizen.

All forms of discrimination, including religious and racial discrimination, are expressly prohibited. Freedom of speech, movement, assembly, and association are guaranteed, except when used “to attack the free democratic order.” This last proviso was clearly aimed at the two extremes—Communism on the left, Nazism on the right. Fear of a right-wing resurgence has never been far beneath the surface. Indeed, in postwar Germany, neo-Nazi activity has generally been interpreted as constituting an “attack on the free democratic order.”

### deas and Politics The German Agenda: A Sampler

### Reunification and Its Aftermath

Merging the two German states in the 1990s was costly, and West Germans had to pay the price. East Germany’s infrastructure was inadequate, factories were obsolete, and unemployment was high due to numerous plant closings. More than two decades after the Berlin Wall came down, per capita GDP in eastern Germany pales in comparison with the western part; and while GDP has more than doubled in eastern Germany, the economic behemoth in western Germany still dwarfs the east.

### Welfare State versus Competitive Economy

The German economy stalled in the mid-1990s and unemployment hit a postwar high of 12.8% in 1998, helping the Social Democrats win control of the government. By 2005, some 5.2 million Germans were jobless—a post–World War II record. German voters brought the center-right Christian Democrats, led by Angela Merkel, the first woman Chancellor in Germany’s history, back to power.

Merkel engineered labor-market and pension reforms. The German economy bounced back strongly in 2010 despite the lingering effects of the 2008-2009 global recession. But chronic budget deficits and crushing public debt in Greece, Portugal, Ireland, and Spain dragged Europe’s economy down and slowed the German recovery in 2011-2012. Not surprisingly, the euro crisis roiled German politics.

Even so, in the 2013 elections Merkel’s CDU/CSU garnered 41.5% of the popular vote, nearly 8% more than in 2009. Germany’s other major party, the SPD, gained 25.7%. The big surprise was the virtual disappearance of the FDP, the centrist junior partner in Merkel’s governing coalition—having failed to get 5% of the popular vote required, the FDP went from ninety-one seats to zero! Merkel heads a “grand coalition” in which the two major parties form a ruling partnership; together these two parties control 80% of the Bundestag seats.

### The Euro Crisis and the EU

Germany has been the bulwark for European unity and integration since the early 1950s, but bailing out EU governments teetering on the verge of bankruptcy was never part of the plan. Germany under Merkel and the Christian Democrats reluctantly agreed to go along with big (critics say not big enough) rescue plans for Greece and Ireland in the face of considerable domestic opposition.

To the chagrin of Keynesian economists, who favor strong state action and deficit spending to create jobs and boost consumer demand, Merkel has pushed for painful and unpopular austerity (spending cuts and tax increases). Critics abroad upbraided her for fiddling while Europe burned; the German public and her own party urged her not to bail out the prodigal Mediterranean member-states that caused the problem.

Merkel reluctantly backed two key measures to bolster the euro—a euro zone fiscal compact to impose a standard set of budget rules on member-states and a European Stability Mechanism (ESM) to provide emergency rescue funds. Some economists also argued for a third one—namely, creation of euro bonds and mutualization of euro debt (a transfer of debt obligations from debtor to creditor nations within the EU).

Germany is one of the world’s largest exporters (behind only China and the United States in 2011) and benefits more than any other country from having free access to a single market of five hundred million consumers. Even in the 2012 slowdown, German exports were “buoyant.” As reported in the Economist in 2012, “The German trade surplus is so huge—nearly €100 billion ($123 billion) in the first half of the year—that it has drawn flak from the OECD club of rich counties, and from the European Commission.”

### Climate Change and Energy Policy

Germany has been actively pursuing an ambitious policy of energy transformation (Energiewende) since the year 2000. This policy was accelerated after the Fukushima disaster in March 2011 when Merkel order an immediate shutdown of seven reactors and reaffirmed Germany’s clean-energy goals—to cut greenhouse gas emissions from 1990 levels by 40% by 2020 and by 80% by 2050 and to do so without nuclear power. That means Germany will have to make a major push to develop wind energy and solar power. Will it succeed? Nobody knows, but with German engineering prowess, it would not be surprising if Germany one-day soon emerges as a leading exporter of alternative energy technologies and systems.

### Foreign Workers, Illegal Immigrants, Skinheads

Germany has been a magnet for temporary workers and illegal immigrants from Eastern Europe and elsewhere. Xenophobic extremists, including neo-Nazis and “skinheads,” have tried in vain to capitalize on popular fears over immigration.

### Germany between the United States and Russia

Edward Snowden’s unauthorized release of classified information about an NSA surveillance program targeting foreign leaders caused a chill in U.S.-German relations in 2014 when the world learned, among other things, that the United States was wiretapping Angela Merkel’s cell phone. Merkel said “spying between friends is simply unacceptable.”

Germany’s relations with Russia were also frayed in 2014 when Ukraine faced a serious secessionist threat in a region of eastern Ukraine that shares a common border with Russia. Russia encouraged the ethnic Russian rebels, provided weapons and material aid, and even sent ill-disguised military forces across the border.

The crisis in Ukraine served to underscore the continuing strategic necessity of the United States to Europe, in general, and to Germany, in particular. Objectively speaking, Germany and the United States are mutually dependent.

### Old Country, New Century

The end of the Cold War signaled major changes in world politics. The 1990s war in Bosnia was the first time German soldiers had been sent abroad since World War II. In 1999, Germany contributed 8,500 combat troops to the NATO operation in Kosovo (Serbia), and after 9/11, it sent 2,000 troops to Afghanistan.

Germany’s opposition to the U.S.-British invasion of Iraq in 2003, for example, was the first time Germany openly opposed the United States on a major foreign policy issue since World War II. Most Germans alive today were born after 1945, so any knowledge they have of that war of wars, Hitler, or the Holocaust is second-hand or from history books. That’s another big change.

But some things haven’t changed. Germany still needs NATO. Seven decades after the end of WWII, the United States still maintains military forces in Germany. NATO provides a reassuring framework for Germany’s own modest military forces.

## Does Democracy in Germany Work?

One of the principal purposes behind the Basic Law was to arrange the institutional furniture in the “new Germany” to preclude a repeat performance of the “old Germany.” By any standard, Germany’s performance since World War II has been impressive.

# The European Union

The **European Union (EU)** is an ambitious attempt to create an alternative to the war-prone nation-state system in Europe. A supranational body without parallel or precedent in world history, the EU encompasses twenty-eight countries. Nineteen member-states have given up national currencies and adopted the euro. In addition, it is now possible to travel freely and cross borders on the continent without passports and visas.

## Origins and Evolution

The EU traces its origins to 1952, when Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands founded the European Coal and Steel Community (ECSC). In 1957, these six countries met in Rome and agreed to launch the European Economic Community (EEC), and they formed the European Atomic Energy Community (Euratom) the following year. The ECSC, EEC, and Euratom were merged into a single entity—the European Community (EC), or Common Market, in 1967. Nine more states were admitted: Denmark, Ireland, and the United Kingdom in 1973; Greece in 1981; Portugal and Spain in 1986; and Austria, Finland, and Sweden in 1995. In 2004, the EU admitted eight former communist states in Eastern Europe (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia, plus Cyprus and Malta). Romania and Bulgaria joined in 2007 and Croatia in 2013, bringing the total to 28.

## Major Institutions

The EU’s political institutions fulfill many functions of a supranational government. They include the European Council and Council of Ministers, the Commission, the European Parliament, and the Court of Justice. The European Council, Council of Ministers, and the Commission exercise executive powers; the European Council and Council of Ministers are intergovernmental, and the Commission is supranational. The Councils directly represent the interests of the national governments; the Commission represents the EU as a whole. On crucial issues, the two Councils vote on the basis of unanimity—everyone at the table has a veto. Increasingly, issues are decided by **qualified majority vote (QMV)**—reflecting a shift from intergovernmental to supranational decision making.

The European Parliament (EP) is a deliberative body that shares **co-decision** legislative powers with the Council of Ministers but remains the junior partner. Since 1979, its members have been elected by direct universal suffrage. The European Court of Justice (ECJ) interprets and applies EU treaties and adjudicates disputes between member-states and the EU bodies.

The 1993 Treaty on the European Union (TEU) created three pillars: the European Community (EC), the Common Foreign and Security Policy (CFSP), and the Justice and Home Affairs (JHA). Decisions on the economy (Pillar One) are made by supranational method (qualified majority voting). Decisions on foreign and security policy (Pillar Two) and justice and home affairs (Pillar Three) are made by the intergovernmental method (unanimity); however, some policy matters—for example, the internal open-border system, immigration, and asylum—formerly under Pillar Three (intergovernmental) have been shifted to Pillar One (supranational).

EU member-states agree to place the acquis communautaire—the total body of EU community law—over national law. The acquis comprises a billion words and have been translated into twenty-two official EU languages.

The **Common Agricultural Policy (CAP)** has been an EU fixture since the inception of the original common market in 1958. The CAP sets and collects tariffs on agricultural products coming into the EU and provides subsidies to EU farmers. In the past, agricultural expenditures (mainly subsidies) have accounted for nearly 50% of the EU budget. The CAP’s share was projected to drop below one-third in 2013, but agriculture’s share remained closer to 40% as France has resisted any reductions in subsidies to French farmers. Brussels also faces growing pressure from new member-states to reallocate EU resources to regional development programs and projects (called “structural” and “cohesion” funds) aimed at helping lagging areas—many in Central and Eastern Europe—catch up.

By far the gravest challenge to the EU in recent years, however, has been the sovereign debt crisis (aka, the “euro crisis”) triggered by Greece’s threat to default—to declare bankruptcy and leave creditors out in the cold (see “**Landmarks in History: The Euro Crisis**”). The danger of a panic in capital markets on the heels of the 2008 global financial crisis posed a policy dilemma for the EU Council: whether to evict Greece from the EU (the so-called Grexit option) or put together a financial rescue package (the bailout option). The problem with bailing out Greece was that Spain, Portugal, and Ireland were also sinking into insolvency. Eventually, the richer EU member-states agreed to bailouts for all four countries. But the bailouts came with strings attached—the givers (mainly Germany) made the recipients agree to tough and unpopular austerity programs. Nobody can say how this story will end; let’s take a look at how it began.

## The Single Market Economy

A landmark in the history of European integration, the Single European Act (SEA) of 1986 aimed to create a single market in the EU by 1992. It thus made several key institutional reforms, including a cooperative procedure giving the European Parliament a greater voice in legislation and extending qualified majority voting to new policy areas.

The SEA allowed wider and deeper integration of all the national economies, including the establishment of a European Monetary Union (EMU) and a new unit of currency—the euro. A treaty signed at the Maastricht summit in 1991 transformed the European Community (EC) into the European Union (EU) and paved the way for creating a European Central Bank (ECB) in 1998 and launching the euro in 1999. The euro went into circulation in twelve EU countries in 2002 and has now been adopted by a total of seventeen; the twelve countries that joined the EU from 2004 to 2007 are treaty-bound to join the euro area as soon as they meet the criteria for membership. Five of the seventeen EU countries in the euro zone joined between 2007 and 2011: Slovenia, Cyprus, Malta, Slovakia, and Estonia.

### Landmarks in History The Euro Crisis

In December 2009, Greece’s credit rating was downgraded by a leading rating agency, plunging the government into a financial crisis. In January 2010, Prime Minister George Papandreou ordered a second round of austerity measures, including public sector pay cuts, fuel increases, and a crackdown on tax evasion. EU leaders promised to help Greece meet its debt obligations but made no concrete pledges. General strikes and protests prompted by the unpopular austerity program continued into March, when Papandreou likened the budget crisis to a “wartime situation” and announced a third round of tax hikes and spending cuts. As the Greek government balanced precariously on the brink of default, the key euro zone countries stepped up with a €110 ($145) billion rescue package for the country; for its part, the Greek government agreed to still more stringent austerity measures. Trade unions called a general strike in protest.

In August 2010, Greece qualified for the second tranche of the EU/IMF bailout loan, and in October the Greek government unveiled an even tougher austerity budget for 2010 with new taxes and a higher value-added tax (VAT) rate. Finally, in November the EU and IMF approved the third tranche of rescue funding for Greece.

Greece’s financial crisis deepened in 2011 and 2012 as mass protests destabilized the government. Worse, the crisis spread like a contagion to Ireland, Portugal, Spain, and Italy. In 2012, Spain’s economy tanked, threatening to overwhelm euro zone efforts to save the euro. In January 2015, Greece elected a new government, and the EU faced the first anti-austerity ruling party, Syriza, led by Alexis Tsipras. Syriza claimed about 36% of the vote, enough to gain 149 seats in the 300-seat parliament and falling a gnat’s eyelash short of an absolute majority. Prime Minister Tsipras moved quickly to bring the small right-wing Independent Greeks party with 13 seats into a governing coalition and made it clear that he did not intend to kowtow to the “troika” (the European Commission, the European Central Bank and the IMF) underwriting Greece’s bail-out program. The fate of the euro (and global economy) hangs in the balance.

The **Schengen area** grew out of a 1985 agreement among five countries (France, Germany, and the Benelux countries—Belgium, Luxembourg, the Netherlands) to create a passport-free zone. The Amsterdam Treaty incorporated the Schengen system into the EU acquis in 1997. Today twenty-five countries, including several not in the EU (Iceland, Norway, and Switzerland), belong to Schengen; and it is possible to travel from Finland to Greece by car, train, or bus without a passport, much like traveling within the United States.

The **Emissions Trading Scheme (ETS)** is Europe’s major climate change project, a cap-and-trade system that sets limits on the volume of pollutants the five dirtiest industries in any given country can spew into the atmosphere each year. Companies that exceed allowances can buy pollution permits from other entities that have “credits” or unused permits. At first, the system did not work as intended because national governments bowed to domestic fears and gave away (rather than sold) permits and set the allowances too high. The EU has made adjustments aimed at tightening regulations and significantly reducing carbon emissions in the coming decades, but the cap-and-trade idea has yet to prove itself in practice. The global recession in 2008 and 2009 raised further questions about how vigorously national governments would push already stressed key industries to invest in cleaner technologies, as has the euro crisis since 2010.

## The EU on the World Stage

The Atlantic Community forged after World War II was dominated by the United States, with Western Europe as a junior partner, but the distribution of power today is quite different. Asia and Europe—especially the European Union and China—play a larger role; the former superpowers play a smaller role (in the case of Russia, much smaller). The question is not whether the power picture will continue to change, but rather by how much.

Individually, the European countries cannot compete with the United States, China, Japan, and even India. Together, however, they most definitely can, as Europe’s single market amply demonstrates. In 2010, only a decade after the euro was launched, the EU accounted for 28-29% of total global GDP, a larger share than either the United States or China.

There is a huge disparity between Europe’s economic power and its political clout on the world stage. Achieving a Common Foreign and Security Policy (CFSP) has been a declared aim since the early 1990s, but so far the EU has rarely succeeded in presenting a united front to the world. One of the principal goals of the new Lisbon Treaty (also known as the Reform Treaty) that came into force in 2009 is to create a strengthened foreign policy post, as well as a more efficacious presidency. The EU has embraced the idea of a European Rapid Reaction Force (ERRF) to intervene where NATO is unable or unwilling to act. Since 2007, some sixty thousand soldiers have been committed to a rapid reaction force potentially deployable for one year.

## The End of “Europe”?

Since World War II, peace and stability have been the norm in Europe. Not by chance, Western political theorists have posited a direct link between democratic institutions and war-avoidance and more than a few have placed the evolution of the European Union at the heart of Europe’s “new normal.” But as the EU struggled to recover from the Great Recession, questions began to be raised about the future of “Europe.” Some observers even went so far as to predict the EU’s demise. However, such dire predictions fly in the face of logic and history.

In politics, as in life, nothing succeeds like success. Economic integration has worked wonders in Europe. Europe’s expansive—and until recently, expanding—markets create a space conducive to competition, investment, labor mobility, and commerce. The overall result has been an unprecedented era of peace and prosperity in a part of the world where for many centuries war was endemic. But the impetus for European integration is not solely economic; politics has also played a vital role.

Until the euro crisis cast a shadow over the single market economy, the EU was widely viewed as a great engine of economic prosperity and social progress. No less important is the political impact of the European project. Nearly every country in Europe has applied for membership in the European Union, but to gain admission, a country must demonstrate a commitment to constitutional rule, free elections, and human rights.

Putting dictators out of business is a remarkable achievement. No less remarkable is that within the twenty-eight nation EU, war is now unthinkable, a fact that has often been overlooked. The logic of integration is about perpetuating peace and promoting freedom in Europe, as well as achieving prosperity.

# Japan: Between East and West

When a powerful earthquake in the Western Pacific in 2011 caused one of the world’s worst nuclear accidents and displaced more than 150,000 people living in the vicinity of the Fukushima nuclear power plant, it put Japan in the global spotlight—and not in a good way. Massive internal dislocations during the Fukushima reactor meltdown and questions surrounding the way high-level government officials handled the crisis focused international attention on Japan’s hidebound political culture, its inaccessible power elite, and the opaque inner workings of its powerful and insulated bureaucracy.

Like other Asian societies, Japan had no democratic traditions prior to 1947. In fact, as an insular island nation (see **Figure 7.4**), Japan’s history and culture often worked against Western democratic ideas. Yet today, Japan is one of Asia’s oldest parliamentary democracies (the other, India, came into being at the same time but under very different circumstances). To see how this remarkable transformation came about, we start by sketching Japan’s path from its feudal and imperial past to the present.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#TLMTEE90TNDCQBSRV681)

## Historical Background

Japan’s feudal era lasted until the **Meiji Restoration** in 1868. At that time, under the guise of recapturing ancient glories, Japan crowned a new emperor, of the Meiji dynasty, and embarked on the path to modernization. Meiji Japan remained oligarchic, paying lip service to democracy. A group of elder statesmen, or genro, dominated the government, and the emperor, worshiped as a flesh-and-blood deity, personified national unity. He probably also played an important role in decision making on crucial issues.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#GAHEZLVCFC9C9ENEV690)

Domestically, Japan made great progress during the latter part of the nineteenth century. A modernizing elite promoted, protected, and subsidized a Western-style economic development program. Despite periodic opposition from rural landowners, the government force-fed the economy with infusions of capital designed to promote heavy industry. Only basic or strategic industries were state owned. Within a few decades, the leaders of the Meiji Restoration, according to one authority, “abolished feudal institutions, legalized private property in land, started a Western-style legal system, established compulsory education, organized modern departments of central and local government, and removed the legal barriers between social classes.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#NUGDT8TAEW6X2407B831)

After World War I, Japan entered a new phase of political development. Nationalism, taught in the schools, became a kind of religion. Governments blossomed and withered in a rapid and bewildering succession. All attempts at instituting democratic reforms were submerged in the tidal wave of militarism that swept over Japan in the 1930s. Alleging that ineffectual politicians infatuated with democracy had kept Japan down, ultranationalists looked to a strong military for leadership. Japan had never truly embraced Western concepts of constitutionalism and liberal democracy. Sovereignty, according to popular belief, issued from the emperor-deity, not from the people. Thus, prior to 1945, Japan had dallied with democracy in form but not in substance.

## The 1947 Constitution

The 1947 Japanese constitution, imposed by the victors after World War II, sought to remake Japan’s political system. Henceforth, sovereignty would reside in the Japanese people, not in the emperor. U.S. influence on the new Japanese constitution is readily apparent in its preamble:

We, the Japanese people, acting through our duly elected representatives in the National Diet, determined that we shall secure for ourselves and our posterity the fruits of peaceful cooperation with all nations and the blessings of liberty throughout this land, and resolved that never again shall we be visited with the horrors of war through the action of government, do proclaim that sovereign power resides with the people and do firmly establish this Constitution…. Government is a sacred trust of the people, the authority for which is derived from the people, the powers of which are exercised by representatives of the people, and the benefits of which are enjoyed by the people.

Like weavers of a fine tapestry, the framers of the 1947 constitution sought to construct an elaborate system of representative democracy. Among the fundamental rights guaranteed by the constitution were the rights to receive an equal education and to organize and bargain collectively. In another extraordinary feature, the Japanese constitution explicitly renounced war and pledged, “land, sea, and air forces, as well as other war potential, will never be maintained.” (This provision has not, however, prevented the government from building limited “self-defense forces.”)

## Parliament above Emperor

The constitution establishes a parliamentary form of government. The emperor remains the head of state, although as a merely ceremonial figure. The prime minister is the real head of government. The authors of the constitution, however, placed a preponderance of formal power in the new bicameral legislature. That body, called the Diet, is divided into a 480-member House of Representatives elected at least every four years (elections can be more frequent when the House is dissolved) and a relatively less powerful House of Councilors, whose 250 members serve six-year terms (half being elected every other three years).

Originally, members of each house were elected by universal suffrage from multimember districts (each having three to five seats, depending on population) in which voters made only one selection. This system endured until 1994, when calls for election reforms led to the redrawing of district boundaries and a major change in the electoral process for the lower house: there are now 300 single-seat constituencies, while the remaining 180 seats are decided by proportional representation.

The constitution explicitly states that popular sovereignty is to be expressed through the Diet, the only institution of the government empowered to make laws. Whereas in the past the prime minister and cabinet were responsible to the emperor, they are now responsible to the Diet, the “highest organ of state power.” Japan’s Supreme Court is empowered to declare laws unconstitutional (which it rarely does), and justices are to be approved by the voters every ten years after their appointment, a process that has become virtually automatic.

As we will see, however, the Japanese have adapted Western institutions to fit Japan’s own rich and resilient cultural traditions. The result is a unique system that combines democratic politics and market economics—the new—with political hierarchy, economic centralization, and social discipline—the old.

## The Party System

With one brief exception in 1993-1994, the Liberal Democratic Party (LDP) dominated Japanese politics from 1955 to 2009. Among the smaller parties, the Socialists and Communists occasionally garnered significant numbers of votes, but their legislative role was to provide parliamentary opposition. For four decades, the actual governing of the country fell almost exclusively to the LDP.

When a single party retains a majority of seats in a freely elected legislative assembly over an extended time, it usually means the party has satisfied a broad range of social interests. In Japan, the LDP succeeded because it embraced pragmatism over ideological purity, enjoyed the backing of powerful special interests, and benefited from the sheer force of political inertia. According to two authorities,

The changes they [the LDP] made toward a more strongly centralized system of government corrected some of the most obvious mistakes of the Occupation. The Liberal Democratic Party, being in power, also controlled a considerable amount of patronage and had the advantage when seeking the support of economic and professional interest groups. With the support of the majority of the rural vote and access to the resources of the business community, the party was in a strong position. It was on intimate terms with the bureaucracy, … [but these efforts] were not sufficient…. Beginning in 1955, the Liberal Democratic Party attempted to build up a national organization with mass membership.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#SCSJCH5Q8PPQNCXDZ511)

The LDP’s consensus-building role became a defining feature of Japanese politics. Delegates to the LDP conference choose the party leader—called the president—before a national election. Until the 1990s, the LDP leader was assured of being elected prime minister. Getting elected president of the party, however, is not easy: A victor emerges only after intense bargaining by party factions, each of which has its own leader, its own constituencies to protect, and its own interests to promote.

The LDP nearly self-destructed in the early 1990s, after a series of political scandals severely tarnished the party’s image. A rising tide of social discontent over the rigors of daily life, high prices, long workdays, and a sluggish economy also contributed to the party’s unprecedented defeat in the historical national elections, shattering the one-party-dominant system. What followed was a chaotic period during which Japan would see five different governments come and go. The LDP was the clear loser, but there were no clear winners.

Promising reform “without any sacred cows,” Junichiro Koizumi, an LDP maverick, won a hard-fought battle to become the LDP’s new president in 2001. He served as Japan’s prime minister from 2001 to 2006. Reform-minded and opposed to cronyism, Koizumi was popular but unfortunately he did not enjoy the support of his own hidebound parliamentary party.

Under Koizumi, the country’s economy revived. However, many members of his own party in the Diet opposed his proposal to privatize Japan’s massive postal savings system. When the bill was defeated in the upper house in 2005, Koizumi dissolved the Diet and called new elections. The vote, which the LDP won by the largest majority since 1986, was a referendum on Koizumi’s leadership and his move to privatize the postal savings system. Having won his biggest political battle (the privatization bill), Koizumi stepped down in 2006.

Although Japan has never fully recovered from the stock market crash in 1990-1991 (see “**Ideas and Politics: The Japanese Agenda**”) and the subsequent implosion of its “bubble economy,” it still boasts one the world’s five largest national economies.

## Patron–Client Politics

Japanese democracy is a unique blend of imported democratic ideals and native culture—in particular, Japan’s traditional patron–client system that has long characterized Japanese politics. Factional leaders called patrons attract loyal followers or clients. The leader is expected to “feed” his faction, mainly by doling out campaign funds; in turn, faction members are obliged to vote as a solid bloc in the party conference and Diet.

Personal loyalty is the basis of financial support, intraparty power, and the prestige of individual leaders within the LDP. The vaunted political reform of 1994 that changed the electoral system temporarily disrupted the traditional behind-the-scenes collusion among government, bureaucracy, and the business elite, but it did not fundamentally change the patron–client system or practices. Nor is it likely to change the nation’s preference for consensus seeking:

This method rests on the premise that members of a group—say, a village council—should continue to talk, bargain, make concessions, and so on until finally a consensus emerges…. Despite the spread of democratic norms, this tradition of rule by consensus still has its appeal and sometimes leads to cries against the “tyranny of the majority”—for example, when the ruling party with its majority pushes through legislation over the strong protests of the opposition.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#HDZDUFAJK29X9JZLZ249)

When Japan’s economic miracle gave way to a severe and prolonged slump in the 1990s, the LDP’s popularity faded. After an eleven-month hiatus in 1993-1994, however, the LDP regained control of the government. The LDP’s long run as Japan’s ruling party appeared at an end in 2009 when voters handed the Democratic Party of Japan (DPJ) a stunning victory, giving the DPJ 308 seats and leaving the LDP with a mere 119 seats.

At long last, Tokyo’s “iron triangle” of party bosses, bureaucrats, and business elites—a closed and corrupt system that was tolerated so long as Japan’s economy was robust—was down but hardly out. (In a practice known as amakudari—literally, “descent from heaven”—retiring Japanese high-level bureaucrats often take lucrative jobs at firms they previously regulated. Sound familiar?)

A major earthquake (magnitude 9.0) in the ocean off Japan’s east coast caused a massive tsunami in March 2011. The tsunami left more than 19,000 dead, destroyed or partly collapsed over a million buildings, and severely damaged three reactors at the Fukushima Daiichi nuclear power plant. When Prime Minister Naota Kan and his cabinet resigned in the fall of 2011—one more casualty of Japan’s earthquake-induced perfect storm—the DPJ chose Yoshihiko Noda—Japan’s sixth head of government in five years—to succeed Kan.

At the end of 2012, voters made yet another U-turn, giving the LDP a landslide victory in national parliamentary elections (294 seats in the 480-seat lower house). Naoto Kan lost his Diet seat to a relatively unknown LDP challenger. The LDP gave Shinzo Abe a second chance at running the government.

Abe, who had briefly served as prime minister in 2006-2007, called a snap election in late 2014 and the gamble paid off. The outcome, however, was not all positive for Abe. The LDP retained nearly all the seats it had won in 2012 and together with Komeito, its coalition partner, kept its two-thirds super majority in the 475-seat lower house: the good news. The bad news: voter turnout was very low—52.7% compared to 59.3% in 2012—and in the logic of parliamentary politics, a low turnout is tantamount to a weak mandate.

## The Judiciary and Japanese Culture

The Japanese judicial system displays a curious combination of U.S. and European influences. The U.S. influence is evident in the name of Japan’s highest judicial body, the Supreme Court. The Chief Justice is appointed by the Emperor but is nominated by the government; the cabinet appoints all other justices. The Supreme Court, like its U.S. counterpart, enjoys the power of judicial review, meaning it can declare acts of the legislature unconstitutional. Few other constitutional democracies permit judges to second-guess legislators.

Japan’s legal system as a whole is modeled after the European civil law system, but again with some U.S. influences. Culturally, the Japanese are far less prone to sue each other than are U.S. citizens. They are also less likely to resort to the courts as a means of settling civil disputes or to seek redress for alleged injuries and injustices. In Japan, social, rather than judicial, remedies are still the norm. Often, successful intervention by a respected member of the community, the head of a family, or a supervisor at work makes legal action unnecessary.

## Does Democracy in Japan Work?

Despite the turbulence of the 1990s, Japan has successfully blended Western political forms and Japanese political culture. As in Germany, economics played a key role in the success of the nation’s shotgun democracy (“shotgun” because it was the result of defeat in war and military occupation).

Japan’s economic revival after World War II was hardly less miraculous than Germany’s, as bombed-out cities, symbolized by Hiroshima and Nagasaki, were turned into models of efficient and innovative industrial production. Deliberate planning by a modernizing entrepreneurial elite was important to Japan’s resurgence; a rising volume of world trade and massive U.S. purchases during the Korean War (1950–1953) were also crucial. Within two decades, Japan’s export-oriented mercantilist economic strategy produced huge advances in heavy industry—notably, automobile manufacturing, robotics, and consumer electronics. Despite “the loss of 52 percent of Japan’s prewar territories, the return of five million persons to a country about the size of California, the loss of 80 percent of Japan’s shipping, and the destruction of one-fifth of [its] industrial plants and many of [its] great cities,”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#KSYELST1B8415HQ0R413) Japan is now a major global economic power. China, with a population more than ten times larger, is only now beginning to catch up with Japan in GDP; India, despite its impressive strides in recent times, remains far behind.

### Ideas and Politics The Japanese Agenda: A Sampler

### Nuclear Power, Energy Security, and Public Safety

The earthquake and tsunami in March 2011—twin natural disasters compounded by a manmade disaster—raised questions about the wisdom of Japan’s heavy reliance on nuclear reactors for electric power generation. What followed was intense public scrutiny and criticism of the government—in particular, its failure to monitor and enforce robust safety standards.

A blue ribbon panel of experts set up by the Japanese Diet issued a scathing report in July 2012, concluding, “The Fukushima nuclear power plant accident was the result of collusion between the government, the regulators and Tepco [Tokyo Electric Power Company, the owner of the six Fukushima plants] and the lack of governance….” Further, the culpable parties, “effectively betrayed the nation’s right to be safe from nuclear accident.” And, finally, “the accident was clearly ‘man-made’.”

The policy dilemma, however, is not easily solved. Japan’s energy security is extremely tenuous: it has an export-oriented manufacturing economy, a modern, highly urbanized population, and at best modest indigenous fossil-fuel resources. Japan thus has to import almost all its coal, oil, and natural gas.

### A Culture of “Reflexive Obedience”

The chairman of the above-mentioned expert panel, Kiyoshi Kurokawa, a medical doctor, declared Fukushima “a profoundly man-made disaster—that could and should have been foreseen and prevented.” But he also placed blame on Japanese culture: “What must be admitted—very painfully,” wrote Dr. Kurokawa, “is that this was a disaster ‘Made in Japan.’ Its fundamental causes are to be found in the ingrained conventions of Japanese culture; our reflexive obedience; our reluctance to question authority; our devotion to ‘sticking with the program’; our groupism; and our insularity.” The paradox of an open society with a closed culture impenetrable to outsiders is one key to understanding the challenges Japan faces in the new global economy of the twenty-first century.

### “Abenomics”

Prime Minister Shinzo Abe advocates basic reforms in Japan’s economy, especially in the rigid structure and culture of Japanese business—“Abenomics,” it’s called. His strategy for reviving Japan’s creaky economy involves “three arrows”—fiscal policy (more spending, lower taxes), monetary policy (quantitative easing or “QE”), and structural reforms (opening Japan’s protectionist economy to outside investment and competition). Abe’s aim of “restoring Japan’s earning power” is designed to reverse a negative trend—namely, that productivity in Japanese companies is lower on average (about 30% lower) than in the United States.

### Sustaining a High Standard of Living

Despite its prolonged economic downturn, Japan remains an affluent society. Even so, it is a relatively small, mountainous country with a large urban-dwelling population and relatively little land suitable for agriculture or settlement. The problems of overdevelopment—stress-related health problems, rush-hour crowds, and traffic congestion—are readily apparent in present-day Japan. Japan’s demographic crisis—steeply declining birthrates and high life expectancy—means that the ratio of workers to pensioners is getting steadily worse. Hence the question: Is Japan’s ultramodern mass-consumption economy sustainable?

### Asian Challengers

Japan has lost its position as the preeminent economic power in Asia. In the 1980s, its main challengers were the so-called newly industrialized countries (NICs): South Korea, Taiwan, Singapore, and Hong Kong. The GDP of the People’s Republic of China, which registered double-digit growth rates for several decades, is now larger than Japan’s. Indonesia, Malaysia, Vietnam, and, of course, India are among other countries in the region competing with Japan in global export markets.

### A Troubled Partnership?

The United States is Japan’s most important ally and trading partner. Until recently, the reverse was also true: Japan was America’s most key trading partner in Asia. But the meteoric rise of China signifies a major strategic shift in the balance of power in Asia and the western Pacific. Today, China rivals Japan as a partner in U.S. foreign policy calculations, not only because of trade but also as America’s largest creditor; in October 2012, China’s official holdings of U.S. bonds rose to $1.1535 trillion. Japan was second at $1.1215 trillion. As Japan’s largest export market, the United States is vital to Japan’s economic health (and vice versa). The United States is also China’s largest export market.

The U.S. air and naval bases in the western Pacific, as well as the massive U.S. Pacific Fleet, have enabled Japan to concentrate on development of high-technology consumer industries and overseas markets while spending less than 1% of its GDP on defense. Can the United States continue to subsidize Japan’s security indefinitely?

### The Tiger Next Door…

Fact: There is no love lost between China and Japan. Fact: In World War II, Japan committed terrible atrocities in China. Fact: China is a rising regional military power as well as a global economic superpower.

If China’s resurgence poses major strategic challenges for the United States—which it does—imagine the view from Japan. In recent years, an escalating dispute with China over uninhabited islands in the East China Sea has threatened to erupt into a shooting war. The feud reached a dangerous new level in January 2013 when both sides scrambled jet fighters over the area in dispute.

Under the terms of the U.S.-Japan security treaty, Washington is obligated to defend the islands it handed back to Japan in 1972 along with the return of Okinawa. But China is a nuclear power. In a crisis, would Washington risk Honolulu—or San Diego, Los Angeles, San Francisco, Portland, and Seattle—to save Tokyo?

After the 1980s bubble burst, Japan’s economic growth rate slowed dramatically under the impact of four recessions in a dozen years. When the 1997 “Asian flu” financial crisis hit, Japanese banks were trapped in circumstances they themselves had done much to create by lending vast sums for speculative investments in construction, real estate, and retail trade with little security or scrutiny—like a dress rehearsal for the global financial meltdown that started on Wall Street in September 2008.

Japan is and will remain a major economic power, but its technological prowess no longer sets it clearly apart from its Asian competitors. The worldwide recession derailed reforms aimed at lifting the economy out of its malaise after 2008.

# India and Israel: Challenged Democracies

Even if parliamentary rule works in Europe, where it started, and in Japan, where it was imposed by an occupying military power, can it work in other nations and regions where representative government has no roots in native traditions, or even in a country that finds itself in a perpetual state of war with its neighbors? The experiences of India and Israel suggest that it can.

## Amazing India: A Parliamentary Miracle?

India is home to an ancient Hindu civilization and great empires, including that of the **Moghuls**, or Muslim conquerors. Colonized by Great Britain in the nineteenth century, India regained its independence after World War II. The questions then were: Would the former colony become one country or two? Or would it fragment into a dozen or more ethno-linguistic states?

India is a paradox—an immense and extremely diverse established democracy in which poverty and illiteracy remain widespread despite great progress in recent times. With a population of 1.2 billion in 2014, it is the world’s second most populous country. If current trends continue, India will overtake China by 2028—a distinction not to be desired.

Some 70% of India’s people still live in villages, making India a rural society in a postindustrial world. Many children in rural India lack basic skills necessary to find productive work in a modern, urban economy; about two in five are physically stunted by malnutrition. Roughly half of all Indian women are still illiterate, compared with a ratio of about one in seven in China.

Two large and distinct populations—the larger one Hindu and the other Muslim—inhabited the subcontinent of India. The heaviest concentration of Muslims was (is) in the northwestern and eastern parts, whereas the vast lands in between constituting the bulk of the territory under the **British Raj** (the colonial ruler) were dominated by Hindus. To avoid conflict between these two religiously distinct communities, the retreating British created two states—India and Pakistan. The western part of Pakistan was separated from the eastern part with India in the middle (see Figure 7.5).

This geographic anomaly was only one of the problems the British left unresolved. Another was the Hindu-Muslim split within India: Although most Muslims inhabited the territory of Pakistan, a large Muslim minority remained within the territory of the newly independent state of India. Even more problematic was the fact that India is a mosaic of diverse ethnic and cultural minorities, each speaking a different language. There were also several religions, including Sikhism, Jainism, and Christianity, as well as Hinduism and Islam.

Finally, no account of contemporary India is complete without mentioning poverty and population. Next to China, India is the most populous country in the world, with more than one billion souls. To this day, tens of millions are illiterate, and hundreds of millions are desperately poor, living in rural areas with little or no access to basic services, schools, health clinics, jobs, and the like.

Indeed, millions of India’s poor have no identity—literally—because they lack birth certificates and school records. Imagine if you had no way to prove who you are. You could not open a bank account, get a job, enroll in college, get a post office box, travel abroad (sorry, no passport), or get a driver’s license—to cite but a few examples. In 2010, India launched the Unique Identity (UID) project aimed at providing an exclusive number, based on biometrics (photo, all ten fingerprints and iris scans) to every resident in the country—more than a billion people.

India is changing. After decades of sluggish growth barely keeping pace with the “exploding” population, economic reforms put in place by Prime Minister Manmohan Singh in the 1990s galvanized the Indian economy. “The Indian tiger is on the prowl,” wrote the Economist in 2007, and “at some point, India’s growth rate could even outpace China’s; and if you measure things by purchasing power parity, India should soon overtake Japan and become the third-biggest economy, behind only America and China.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#RJPBEN8AG0K3XJJCX779)

Perhaps, but India still has a lot of catching up to do. The Indian economy was racing along at nearly 9% a year for a time, but India’s GDP slowed to under 5% in 2014. On the other hand, China’s GDP (in current US$) was roughly five times larger than India’s in 2013.

India faces huge challenges. Ethnic clashes and communal conflict among Hindus, Muslims, and Sikhs have plagued the country since independence. The bitter dispute between India and Pakistan over the territory of Kashmir (see the map) has never been resolved. One of the most dangerous moments came in the early 1970s, when East Pakistan broke away and became the present state of Bangladesh. India and Pakistan both possess nuclear weapons. India’s border dispute with China, which erupted in a shooting war in 1962, is on the back burner, but irredentist (territorial) claims on both sides and various other unresolved issues remain potential triggers of future conflict.

Despite signs of progress, modernization and the rise of a prosperous middle class have failed so far to pull hundreds of millions at the bottom out of poverty. People in rural India still “waste hours queuing for drinking water,” children still have no chance to go to school, and “around half of all Indian women are still illiterate.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#SETXMSAMVRCTF80WU299)

And yet, there it is—a parliamentary democracy (see “**Ideas and Politics: India’s Federal Government**”), functioning for more than six decades in a society faced with staggering challenges and presented with such extremes of size and diversity that its very existence as a single state under a single form of government—any form of government—is nothing short of miraculous. Except for one brief interlude in the late 1970s, when Prime Minister Indira Gandhi declared a state of national emergency and assumed dictatorial powers, India’s leaders, starting with the great Jawaharlal Nehru, have operated within the framework of a British-style parliamentary democracy.

### Ideas and Politics India’s Federal Government

On the face of it, the idea of India as an independent republic is absurd. And yet there it is: India is a federal system comprising twenty-eight states and seven union territories. Power resides in a freely elected parliament and a prime minister who is the leader of the majority party (as in other parliamentary systems). The prime minister chooses a cabinet that is presented for approval to the **Lok Sabha**, the lower house. The **Rajya Sabha**, or upper house, is indirectly elected; it plays second fiddle to the lower house, but it debates and can delay passage of legislation, thus giving its members a real voice in the policy-making and law-making processes.

* If a political system as complicated as parliamentary democracy can be transplanted from the outside into a society as diverse as India, why has it not worked for the United States in Afghanistan and Iraq, for example? Think about it.

(Hint: What is different about the British colonial presence in India and the U.S. presence in Iraq and Afghanistan? Contrast the world in the nineteenth century with the world today. Compare cultures and ask whether some are more receptive or resistant to change and external influence than others.)

India’s 2014 national elections held in May were a mandate for change. In a record turnout (66.38%), the National Democratic Alliance swept to a “historic victory” taking 336 seats. The Congress Party with Rahul Gandhi as its candidate won a mere 44 seats. What’s more, the BJP (Bharatiya Janata Party) alone won 282 seats (51.9%), ten more than needed for an absolute majority.

What had happened to turn two-thirds of India’s 550 million voters in this election against the ruling Congress Party? Chiefly, two things: the economy (especially high inflation) and, above all, official corruption.

India’s new business-friendly leader, BJP boss Narendra Modi, has vowed to jump-start the economy and root out corruption. Modi is a charismatic figure. As such, he represents a strong contrast to the phlegmatic octogenarian Manmohan Singh who was his predecessor. But he came into office with some troubling baggage—namely a callous disregard for India’s 172 million Muslims (14.2% of the population). As we have seen, India has a history of communal violence between Hindus and Muslims. But his election also holds out the hope of a new dawn in India politics. After all, who better to address the explosive issue of communal violence than a Hindu nationalist leader with a popular mandate for change?

## srael: Permanent State of War?

The term “state of war” can mean either

* (1)

an existential condition of armed conflict whether or not war has been officially declared or

* (2)

a legal condition arising from a declaration of war that in theory brings international law—specifically, the rules of warfare—into play.

This distinction is vital to an understanding of Israel, the “Arab World,” and the so-called Arab-Israeli conflict.

Like India, Israel came into being after World War II. The trouble is that most of today’s Jewish Israelis are relatively recent immigrants to the territory once known as Palestine. Surprisingly, there are 1.6 million Arab Israelis—fully 20% of the population.

But unlike India, Israel is a small state; its total population is only 8.2 million and its total territory is roughly the size of New Jersey. From its inception in 1948, Israel (see **Figure 7.6**) was enmeshed in controversy and surrounded by hostile Arab neighbors. In fact, Israel’s very birth was violent, resulting from a bitter and prolonged struggle with the indigenous population of Palestinian Arabs.

Israel is a secular state but a Jewish society. A great influx of Jews into Palestine followed on the heels of Hitler’s rise to power in Germany in the 1930s; however, the movement for a Jewish state in the modern era dates back to the 1890s. **Zionism**, as this movement was called, gathered momentum in 1917 with the famous **Balfour Declaration**, named for the then British foreign minister who authored the first official endorsement of the idea of a Jewish state. (At the time, Palestine was a virtual colony of Great Britain.)

Israel and the Holocaust are inextricably intertwined. The original idea backed by the United States, the United Kingdom, and the United Nations after World War II was to carve two states out of the historic territory of Palestine—one for Jews and the other for Palestinian Arabs—and to make Jerusalem, sacred to three religions (Judaism, Christianity, and Islam), an international city under the auspices of the United Nations. That idea died when the Palestinian Arabs rejected the deal they were offered in 1947—though the Jewish side accepted it. As a result of the ensuing war, most Palestinian Arabs were displaced by Jewish settlers and became refugees living in squalid camps in the Gaza Strip, the West Bank of Jordan, and Lebanon (see Figure 7.6).

This situation left a legacy of bitterness and despair that has inscribed itself indelibly in modern Middle Eastern history, pitting the Arab-Islamic world against a diminutive but invincible Jewish state. Facing hostile Arab neighbors on all sides, Israel fought and won three wars of self-defense with Egypt, Syria, Jordan, and Lebanon: the Suez Crisis in 1956, the Six Days’ War in 1967, and the Yom Kippur War in 1973. In the 1967 war, Israel seized and kept control of the Gaza Strip and the Sinai Desert (Egypt), the West Bank (Jordan), and the Golan Heights (Syria). In the 1973 war, Israel was in a position to conquer all of Egypt but—under heavy diplomatic pressure from the United States—decided against doing so. In 1978, President Jimmy Carter brokered the **Camp David Accords**—a peace treaty between Egypt and Israel. This historic deal included large U.S. subsidies to both parties, but it worked: Egypt and Israel have not exchanged blows since 1973.

### Israel and Palestine

Sadly, the Middle East and Palestine continue to be cauldrons of conflict and violence. In the 1980s and 1990s, a protracted Palestinian uprising called the **intifada** in the occupied territories (disputed Arab lands Israel seized in the 1967 Six Days’ War) caused deaths and suffering on both sides. Although it is common to speak of two separate uprisings, it is ongoing to this day.

Relations between Israel and the Palestinians went from bad to worse in 2006 after voters in the West Bank and Gaza gave Hamas a mandate—an outsized majority in the new Palestinian parliament. The outcome set the stage for a struggle between militant Hamas and the more moderate Fatah. The struggle split the territories politically, with Fatah controlling the West Bank (under the leadership of Palestinian President Mahmoud Abbas) and Hamas controlling Gaza.

Thereafter, Israel bombed and invaded Gaza twice, once at the end of 2008 in retaliation for rocket attacks and again in 2014. Residences believed to be harboring Hamas fighters were targeted in 2014, but there was much “collateral damage.” Many Palestinian civilians were killed or injured, many buildings including schools and hospitals were damaged or destroyed, and much of impoverished and isolated Gaza was left in ruins.

In 2009, parliamentary elections in Israel resulted in a virtual tie between Tzipi Livni, the centrist leader of the Kadimi Party, and Benyamin Netanyahu, the right-wing leader of Likud. The hawkish Netanyahu, who as prime minister in the 1990s had turned his back on a possible peace settlement with the Palestinians, was once again in the political cockpit.

True to form, Netanyahu encouraged expansion of Jewish settlements in the West Bank and was unyielding to such issues as the status of Jerusalem and Arab-Israeli civil rights. Israel has effectively annexed Jerusalem (the 1980 Basic Law refers to the Holy City as the country’s undivided capital)—a fait accompli not recognized by any other country in the world. In 2014, the Israeli cabinet approved a nationality bill entitled “Israel, the Nation-State of the Jewish People.” If the Knesset approves this bill without amendment, only Jews will have basic rights. (Most Arab-Israelis have refused formal citizenship in a state they consider illegitimate. As such, they do not enjoy “national rights,” including the right to vote in parliamentary elections.)

The dramatic events in the Arab World—including the Arab Spring and Egyptian Revolution, the overthrow of Muammar Qaddafi in Libya, Iran’s nuclear ambitions, and the civil war in Syria—again brought that troubled region to the brink of war in 2011 and 2012. In the Middle East, the more things change, the more they stay the same.

### Israel: A Problematic “Democracy”

Clearly, Israel has a functioning parliamentary form of government, but is it a democracy? Like the United Kingdom, it does not have a written constitution. But that’s where the similarity ends. In Israel, Jewish ancestry and national security take precedence over all other values, including the rule of law. Thus, to protect the 6.2 million Jews who comprise the 75% majority, there are severe restrictions on the civil liberties of Israeli’s roughly 1.6 million Arabs (more than 20% of the population) who, as noted earlier, are not citizens and do not enjoy the right to vote in national free elections.

In one sense, however, Israel is too democratic for its own good. Elections based on a wide-open system of proportional representation, in which even small upstart parties have a chance to win a few seats, mean Israel’s **Knesset**, or parliament, is a free-for-all that is often confusing and chaotic. The upshot is that governments are cobbled together, sometimes from center-left coalitions and, more often, from a wide range of right-wing Zionist parties, including the far-right. The elections in January 2013 kept the right-wing Likud coalition, but “the tepid vote for Netanyahu” surprised even close observers.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#TXRUR6R886N7CGF2V055)

Ironically, permanent crisis has probably saved Israel from the consequences of a contentious political culture and a chaotic party system. The examples of India and Israel do not prove that popular self-government can work everywhere, but they do demonstrate it can work in some very unlikely places.

# The Adaptability of Democracy

The examples of France, Germany, Japan, India, and Israel suggest that democracy is surprisingly adaptable. There are always idealists and dreamers who choose to believe it can be made to work everywhere, but that is probably not the case. One of the lessons of Vietnam, Iraq, and Afghanistan is that democracy can seldom be imposed on a society against its will. The imposition of democratic rule in Germany and Japan after World War II occurred under extraordinary circumstances—these two defeated powers were at the mercy of the victors and, as such, were only too grateful to have a second chance at self-governance. At the same time, the fact that democracy has now taken root in these two countries points to its adaptability.

Virtually every government in the world today, no matter how tyrannical, tries to give the appearance of constitutionalism and claims to be democratic. Indeed, democracy is, by definition, popular. It is no surprise that the idea of government “of the people, by the people, and for the people” has broad appeal—broad, but by no means universal.

The Islamic societies of North Africa, the Middle East, and South Asia, for example, have religion-based cultures and legal systems incompatible with the individualism, secularism, religious tolerance, and permissiveness inherent in the idea of liberal democracy. If it’s true that people cannot be forced to be free, it’s equally true that starving people cannot eat freedom. For people who are starving, democracy is as a vague and meaningless abstraction. Any government that can alleviate the misery of daily existence is a good government.

But it would also be a mistake to sell democracy short. Many commentators attributed the failure of Germany’s Weimar Republic to an allegedly ingrained antidemocratic passion for order and authority among the Germans. By the same token, Japan had virtually no experience with democracy before World War II, and its consensus-based patron–client culture appeared to be at odds with the basic principles of democracy. And who would have thought that democracy had any chance of succeeding in India?

Are these nations exceptions that prove the rule? The experiences of such diverse countries as France, Germany, Japan, India, and Israel suggest that constitutional democracy is a surprisingly adaptable form of government that can work in a variety of social, cultural, and economic contexts. But the fact that it has yet to take root in the Islamic world or Africa is a cautionary note—one we ignore at our own peril.

# Parliament or President? A Brief Comparison

The purpose of legislatures in both systems is to enact laws, levy taxes, control expenditures, and oversee the executive. But, despite these similarities, the British parliament is surprisingly different from the U.S. Congress.

In the British tradition, Parliament is sovereign. According to Sir William Blackstone (1723–1780), the famed British jurist, Parliament can do “everything that is not naturally impossible.” In the words of another authoritative writer, “This concept of **parliamentary sovereignty** is of great importance and distinguishes Britain from most other democratic countries. Parliament may enact any law it likes, and no other body can set the law aside on the grounds that it is unconstitutional or undesirable.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#LJTEVULXJ0BX25ZJH185) In contrast, the U.S. system places the Constitution above even Congress. Ever since the 1803 case of Marbury v. Madison, in which Chief Justice John Marshall used an obscure provision in the Judiciary Act of 1789 to establish the principle of **judicial review**, the U.S. Supreme Court has successfully asserted its right and duty to overturn any law passed by Congress it deems unconstitutional.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#PMXSXHSTQCH0D6PZS509)

In both systems, of course, legislatures can pass or defeat proposed new laws, both confirm new cabinet ministers, and both have oversight powers. But there is nothing in the U.S. Congress to compare with the **Question Time** in the British Parliament, when the various government ministers are required to answer questions submitted by MPs. Question Time occurs Mondays through Thursdays. On Wednesdays, the prime minister answers questions from 12:00 to 12:30 p.m. The questions, which run the gamut from the trenchant to the trivial, are aimed at clarifying issues, focusing public attention, eliciting information, and holding the government accountable for its actions (or its failure to act). Question Time is when the Opposition can and does go on the attack. It is representative democracy at its best.

A key difference between the two political systems lies in the extent to which the legislature determines the makeup of the executive branch. As we noted earlier, the prime minister is the leader of the majority party in Parliament. Government ministers—the cabinet—are prominent members of the majority party. Because the parliamentary system blurs distinctions between legislative and executive powers, it is often difficult to determine where the authority of one branch begins and that of the other leaves off.

No such fusion of powers exists under the presidential system of government. Unlike senators and representatives, presidents enjoy a national popular mandate, and the presidency derives its powers from a separate section of the Constitution. But Congress can refuse to confirm cabinet appointments, hold public hearings, subpoena government officials, censure those who violate the law or the public trust, and, in extreme cases, impeach presidents for abuse of power (the Constitution cites “treason, high crimes, and misdemeanors”).

Unlike Parliament, however, Congress does not have the power to bring down the executive by a vote of no confidence. Even if Congress votes down a key program proposed by the White House, the president will normally remain in office for a full four-year term. Unless a president dies in office or resigns, he or she can be removed only by impeachment, and no U.S. president has ever been impeached and convicted.

The executive branch of government comprises the head of government and the head of state, the cabinet, and the bureaucracy. In the U.S. system, the president is the head of government and the chief of state; in the British system, the executive is divided between the prime minister (head of government) and the monarch (head of state).

Presidents in the United States also enjoy the security of a fixed term. By contrast, the British prime minister’s position depends on his or her ability to retain the confidence of a majority in the House of Commons. Prime ministers frequently are forced to step down either because public opinion turns against them or because they lose on a key vote in Parliament.

Despite significant differences in the structures of their court systems, both the United States and Great Britain share what is generally known as the common law tradition. **Common law** is based on decisions made by judges rather than laws promulgated by legislatures. The idea dates back at least as far as the twelfth century, when Henry II sought to implement a system by which judges were charged with enforcing the king’s law while taking into account local customs. In the process of resolving disputes, each judge made, and sent to London, a record of the legal proceedings. Over the years, certain common themes and legal principles emerged from these records, and magistrates turned to certain celebrated judicial decisions for guidance. In time, these precedents and decisions were codified by judicial commentators—the most famous being William Blackstone—and were carried to all corners of the globe, including the American colonies.

Notwithstanding this shared common law background, the legal systems of the United States and Great Britain differ with respect to selection of judges, organization of the judiciary, powers of judicial review, and other key structural matters.

Perhaps the most important political difference between the two judicial systems has to do with the power of judges to uphold or strike down legislative or executive actions. In the United States, both state and federal courts review the acts of the other branches of government—state courts on the basis of state constitutions and federal courts on the basis of the U.S. Constitution.

In contrast, British judges play only a limited role in governing. Whereas the question of constitutionality hovers over every legislative and executive act in the United States, in Great Britain the judiciary does not possess the power to overturn an act of Parliament. Nor do British judges act as constitutional guardians of civil liberties, as U.S. judges do whenever they assert the primacy of individual rights over legislative acts. Only rarely do British judges rule that the executive branch has overstepped its legal bounds.

In the view of one scholar, “The parliamentary system is a Cadillac among governments” and the presidential system is a “Model T.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#SGWTP9T669GFA100W467) Parliamentary systems are often highly sensitive to public opinion. Political parties campaign on distinct, well-defined platforms. If the election outcome results in a strong mandate for one party, the resulting government is likely to succeed in pushing its program through the parliament. If government policies prove unpopular or impracticable or if the government falls into disrepute for any reason whatsoever, the prime minister or the ruling party can be replaced with no major shock to the political system as a whole. Party discipline in the British parliamentary system makes it more efficient than the often deadlocked U.S. Congress.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0011.html#LVZWXFRY378EUVPPG040)

The U.S. presidential system, critics have asserted, is too often marked by deadlocks stemming from the checks and balances built into its tripartite structure. Too often, one party controls the presidency and another controls the Congress. Moreover, it is very difficult to remove an incompetent or unpopular president from office. In addition, an ossified two-party system leaves many groups and interests underrepresented in the Congress.

Finally, many critics contend that the Electoral College is a dinosaur that makes the popular election of the president a farce. In this view, the practice of choosing electors on a winner-takes-all basis puts the will of the people in jeopardy—witness the 2000 election in which Al Gore won the popular vote but George W. Bush won the White House.

# Summary

The British parliamentary model features a fusion of powers, indefinite terms of office, disciplined parties, and a dual executive. This model of constitutional democracy has been imitated more widely (except in Latin America) than the U.S. model. It is especially influential in Europe, where it has inspired most of the constitutional democracies in existence.

France is a hybrid form of constitutional democracy, combining features of both the U.S. and the British systems. Germany features a parliamentary system but differs from both France and Great Britain in that it is federal (comprising states called Länder), rather than unitary. The EU is a supranational organization of 28 sovereign states with a legal framework enshrined in the Lisbon Treaty (2007); all member-states are representative democracies by design – authoritarian states need not apply. Japan is a parliamentary democracy with a Japanese twist. Politically, it differs from Europe in its political culture rather than its political structure. Japan has incorporated a consensus-based society with informal, highly personal networks of political power based on patron–client relations into a set of political institutions that, on the surface, appear to be made in Europe. (Actually, they were made in America during the U.S. occupation after World War II.)

India and Israel are two unlikely candidates for republican rule, yet they have both survived as parliamentary democracies for more than half a century. Their examples suggest the parliamentary model is highly adaptable and has wide application, even in places that appear too troubled or turbulent for elections to occur or stable governments to endure.

The U.S. and British systems invite comparisons and offer provocative contrasts in the legislative, executive, and judicial areas. It is difficult to say which system is better in the abstract; the answer exists only within the specific context and circumstances of each nation.

**Chapter 8. States and Economies in Transition: Between Democracy and Yesterday**

**Learning Objectives**

* **1**Discuss the idea that the system of rule in Russia under Putin has more in common with tsarist Russia than Western-style democracies.
* **2**Define the term “transitional state” and describe what changes in the world have caused or incentivized states to undertake major economic and political reforms.
* **3**Compare and contrast the progress of various East European countries in making the transition from a centrally planned to a market-based economy.
* **4**Identify key Asian transitional states and characterize the political system in each country before and after the transition.
* **5**Name several transitional states in Latin America and explain the pressures for change as well as the historical and cultural obstacles to liberalization in these countries.

On December 31, 1991, something incredible happened, something only a few years earlier nobody believed ever could or would happen. The Soviet Union, one of two superpowers that had dominated world politics for nearly half a century, ceased to exist.

The collapse of the mighty Soviet superpower stands as one of the most momentous political events of the twentieth century. It ushered in a new era in world politics. It pointed to fatal flaws in centrally planned economies—structural rigidity, systemic inefficiencies, and a lack of incentives common to competitive markets.

In Russia today, the tradition of autocratic rule continues to cast a long and dark shadow over a society that has never known the civil liberties taken for granted in the West. Our main focus in this chapter is on the politics of transition from central planning and totalitarian rule to capitalism and parliamentary democracy in Russia and Eastern Europe. We also look briefly at a few transitional states in Asia and Latin America.

For all practical purposes, the Communist World ceased to exist in 1989. In 1988, before the end of the Cold War, fifteen states could be classified as communist. A decade later, the number had shrunk to only five or six states—China, Cuba, Laos, North Korea, Vietnam, and perhaps Cambodia—each pursuing independent policies. Only North Korea remains an unreconstructed Stalinist state. It no longer makes any sense to talk about a “Communist threat.” What happened?

Eastern Europe abruptly abandoned Communist rule in 1989, ahead of the collapse of the Soviet Union in 1991. Thereafter, democracy and privatization (the process of turning formerly state-run enterprises over to the private sector) advanced rapidly in Poland, Hungary, the Czech Republic, and Slovakia, as well as in the Baltic States (Latvia, Lithuania, and Estonia). Romania and Bulgaria have followed suit, but at a slower pace. The former East Germany is a special case, having merged with West Germany in 1990.

# Russia: Old Habits Die Hard

As the 1990s began, the Soviet Union stood as one of the last of the world’s great empires (see **Figure 8.1**). The Stalinist state that remained in place until 1991 displayed all the classic features of totalitarian rule, including centralized control over the armed forces, the media, and the economy; a dominant monopoly party; an official ideology; and a systematic program of terror against suspected political opponents and the mass murder of innocents deemed unworthy (or dangerous) by the regime. The story of how the former Soviet Union emerged from the long dark winter of totalitarianism provides the essential background for understanding the nature of Russian politics today.

## The Decline and Fall of a Superpower

When Mikhail Gorbachev became General Secretary of the Communist Party in 1985, the Soviet Union faced daunting political and economic problems. The USSR was falling behind the West and, looking east, the People’s Republic of China was stirring. Gorbachev recognized the need for radical reforms; and because the Communist Party monopolized power, he made a risky decision—a kind of wager with the devil—to transfigure the Soviet political system in order to save it.

From the time Lenin assumed power in 1917, the Soviet Union had featured a command economy in which all important economic decisions (such as what and how much was to be produced and so on) were made at the uppermost level of the Communist Party. Competition, the pursuit of profits, and most forms of private ownership were forbidden as inconsistent with the tenets of Communism.

This system of central planning succeeded in making the Soviet Union a first-rate military power, but at a crushing cost to the consumer economy, which was all but nonexistent. Grossly distorted budget priorities and mounting debt were disguised by artificial prices, press censorship, and secrecy. By the mid-1980s, the Soviet Union was at a huge competitive disadvantage with industrialized democratic nations such as the United States, Japan, and the members of the European Union, and it was falling further behind all the time.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#RHYE6A8RKV4J9JW7U111)

Most Soviet citizens led relatively austere lives with few of the conveniences Westerners took for granted. Soviet economists estimated about one-fourth of all grain harvested each year was lost before it got to the market. As a result, meat and dairy consumption for the average Soviet citizen declined nearly 30%.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#USKN1AH2K9CUUAFKU405) Store shelves were often empty and spare parts unavailable. According to one estimate, women spent an average of two hours a day, seven days a week, waiting in line to purchase the few basic goods available.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#QLCAL25FQURSRGMZH544) In the twilight of the Soviet era, an estimated 28% of the Soviet population lived below the official Soviet poverty line.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#TVWY20YPZ1D2SQD80241)

While the Soviet economy decayed and the quality of life for the general populace deteriorated, growing social problems threatened the very fabric of Soviet society. Among the worst were alcoholism and corruption. Another major problem was a widening technology gap. Soviet managers had little encouragement to invest in new technologies (computers, cell phones, robotics), and the party feared (rightly, it turned out) that the coming Digital Age and Internet (already on the horizon in the 1980s) would jeopardize its information monopoly.

At the root of these problems was central planning, which discouraged initiative. Plant managers and directors of government-run farms remained tied to a central plan that imposed rigid quotas on factory and farm production. Plan fulfillment was the highest priority for all Soviet economic administrators. The Stalinist system sacrificed quality for quantity. Because of relentless pressures to meet overly ambitious production quotas, managers often took shortcuts and cooked the books to conceal failures or to paper over problems.

The cynicism of the managers was matched by the low morale of the Soviet workers, who were underemployed, unhappily employed, or simply not motivated to work. “The party pretends to pay us, and we pretend to work.” This cynicism was fed by the hypocrisy of high party officials, who espoused egalitarian ideals but lived in secluded luxury while the proletariat they glorified had to stand in long lines to buy bread and other staples.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#JQADW9DVE9NVEKTCL699) The result was appallingly low productivity, shoddy work, and poor quality.

An entrenched elite known as the **nomenklatura** occupied all the top positions in the Soviet system.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#SHDY93SCB11Z4X13M789) Included in this system of power and privilege were key members of the party and state bureaucracy. The hidden world of luxury apartments, specialty shops, vacation resorts, hospitals, health spas, and schools was an open secret—one that stood in sharp contrast to the bleak existence of ordinary Soviet citizens and made a mockery of the “classless society” Marx had envisioned.

In short, Gorbachev faced a stark choice: push reforms or preside over the death of the Soviet state. In the end, he did both.

## The Politics of Reform

Gorbachev’s reforms became known to the world as **perestroika** (restructuring) and **glasnost** (transparency), plus a promise of **democratization**. Clearly, what Gorbachev had in mind was nothing less than a state-controlled revolution from above. Unfortunately, the revolution spun out of control.

The goal of perestroika was to revitalize the ossified system of central planning. Gorbachev endeavored to reduce power of the entrenched party and state bureaucracy, improve worker productivity, change the culture of cheating, stealing, and cynicism, et cetera. But serious market reforms—breaking up the woefully inefficient state enterprises, introducing real competition, or privatization—were not in the picture. Hence, perestroika became a catchy political slogan rather than a coherent economic policy. By 1989, the Soviet economy was rapidly disintegrating, and within two years it had plunged into a depression.

Glasnost brought a major relaxation of media censorship, and for a time won popular sympathy for Gorbachev, while distracting public attention from the disastrous war in Afghanistan, the poor economy, and the disarray in the party and state bureaucracies. It also held a wide appeal beyond Soviet borders, making Gorbachev the darling of the world press and a popular figure in many Western countries.

The real purpose behind glasnost was to expose the official corruption and incompetence Gorbachev blamed for the country’s economic malaise. He wanted to shake the change-resistant Soviet bureaucracy out of its lethargy and change the public attitude toward work and the workplace.

But glasnost quickly became a force unto itself. Previously censored books and movies flourished; the state-controlled mass media dared to criticize the government; newspapers and magazines published scorching articles challenging the official version of history and current events. By allowing public dissent, glasnost severely undermined the legitimacy of the ruling Communist Party and dispelled the fears that kept the Soviet system afloat.

Finally, Gorbachev also called for democratization of the political system, including elections that allowed voters a limited choice at the polls. Taken together, these reforms, in effect, let the genie out of the bottle.

## The Empire Strikes Back—And Breaks Up

Gorbachev’s reforms failed miserably. Popular expectations rose while living standards fell dramatically, creating a politically volatile situation. Galloping inflation and labor strikes, both previously unheard of, dangerously destabilized the Soviet state.

As the end of the Soviet empire drew near, the so-called Nationality Question loomed ever larger. In 1991, the seventeen largest nationalities accounted for more than 90% of the Soviet population (about 294 million people). The majority Russians accounted for only slightly more than half the total. Some twenty ethnic groups numbered more than one million. Among the largest were the fifteen nationalities for whom the union republics are named, plus the Tatars, Poles, Germans, Jews, and others less familiar to the outside world (see **Table 8.1**). In total, the Soviet Union encompassed more than 100 different nationalities, speaking some 130 languages.

Historically, the Kremlin was not averse to the use of brute force to assimilate non-Russian groups. Another primary instrument of state policy was the education system. All schoolchildren throughout the Soviet Union were required to learn Russian; at the same time, however, schools in the non-Russian “socialist republics” were allowed to teach in the native (or national) language of the indigenous people.

Gorbachev’s reforms emboldened non-Russian nationalities to demand self-determination. Glasnost, in particular, encouraged criticism of local officials. The independence movement broke out in the Baltic states first. The spirit of rebellion swept across the Soviet empire, as republic after republic declared its independence.

In August 1991, a group of eight hard-line Communist Party traditionalists with ties to the army and the KGB (the Soviet secret police) staged a coup, which ultimately failed. Boris Yeltsin, the president of the Russian republic, saved the day, rallying demonstrators who had taken to the streets to fight for democracy. The Soviet Union ceased to exist on the last day of 1991.

## Contemporary Challenges

A downsized Russian state and a loose, face-saving confederation consisting of all former Soviet republics except the Baltic states emerged from the ashes of the extinct Soviet Union. Boris Yeltsin turned out to be a colorful but quixotic character, ill-suited to the big tasks he faced as the new Russia’s first elected president. By contrast, his successor is the exact opposite: a no-nonsense political boss with little imagination and a notable lack of charisma, but an iron will (see “**Ideas and Politics: Putin: The Black-Belt Tsar**”).

### Ideas and Politics Putin: The Black-Belt Tsar

Many Russians express admiration for strong leaders like Stalin, Nicolas II, or Ivan the Terrible. Vladimir Putin is the latest incarnation of such a leader. A former KGB agent with a black belt in karate, Putin has earned a reputation for ruthlessness.

Several examples illustrate his no-nonsense style of leadership. The day after the United States withdrew from the antiballistic missile (ABM) treaty in June 2002, Putin withdrew from the START II treaty (Strategic Arms Reduction Treaty signed in 1993). A few months later, when fifty Chechen rebels seized eight hundred hostages inside a Moscow theater, Putin ordered Russian commandos to move in and use poison gas to incapacitate the guerrillas. Nearly all the guerillas died in the ensuing firefight—as well as 129 hostages.

In October 2003, Putin ordered that Mikhail Khodorkovsky, the richest man in Russia at the time, be arrested and jailed on charges of tax evasion. Khodorkovsky was sentenced to nine years in prison in 2005. Having served seven years of his original term, Khodorkovsky was again put on trial in 2010 on new charges of embezzlement, convicted, and sentenced to an additional fourteen years in prison. Why? In 2003, Khodorkovsky had been a potential rival for president. What better way to deal with a would-be challenger than to lock him up and throw away the key?

From 2008 to 2012, Putin ruled Russia as prime minister rather than president (under the Russian constitution, a sitting president can serve no more than two consecutive terms) while his lackey, Dimitry Medvedev, served as titular president. As planned, in 2012 Medvedev and Putin again traded places.

Putin tightly controls the mass media, especially television. His government has been called a “kleptocracy,” and he’s been rumored to be the world’s richest leader, but there’s no way of knowing. The Kremlin is a walled fortress, and secrecy is the watchword.

When Putin’s reelection in 2012 occasioned mass protests in Russia, the world press generally treated the election as a sham. And in early 2014, in the midst of a crisis in Ukraine, Putin seized Crimea. World opinion was outraged at this violation of Ukraine’s territorial integrity.

Russians, however, saw it differently. Ethnic Russians constitute a majority of Crimea’s population (58%). Voters in Crimea overwhelmingly approved a hastily arranged referendum on joining Russia. In Russia proper, a wave of Great Russian nationalism swept across the land, and Putin’s popularity soared.

It’s likely that Putin’s success in taking back Crimea emboldened him to give military and economic aid to ethnic Russian separatists in eastern Ukraine in 2014—even sending thinly disguised Russian soldiers across the border. In response to Moscow’s intervention in Ukraine, the West imposed economic sanctions on Russia; at the end of 2014, oil prices plummeted—a one-two punch that caused the ruble to collapse and plunged the Russian economy into a crisis.

In an attempt to save the ruble and head off a stampede to the exits (capital flight topped $100 billion by mid-December 2014), the Russian Central Bank raised interest rates to 17% (!), thus presaging a deep economic recession. Russian GDP was expected to fall by 4.5% in 2015.

It was anybody’s guess how Vladimir Putin—the Black-Belt Tsar—would react to this crisis. Dangerous creatures are often most dangerous when they are cornered.

* Russia is no longer a communist state and therefore no longer a threat to the West. True or false? Think about it.

(Hint: Mikhail Khodorkovsky, Putin’s archrival, was released from prison in December 2013. His release proves how different Russia is today from the days when Stalinists ruled in the Kremlin, say the Putin sympathizers. Find out where Khodorkovsky is now and what he’s doing. Then decide for yourself.)

Russia has roughly three-fourths the landmass, about half the population, and approximately three-fifths the GNP of the Soviet Union. Even so, it is still by far the world’s largest country, encompassing an area roughly twice the size of Canada, the United States, or China, and possesses the massive nuclear arsenal it inherited from its superpower predecessor. Ukraine, Kazakhstan, and Belarus fell heir to the nuclear weapons deployed outside Russia proper. Ukraine and Kazakhstan promised to relinquish control of these weapons to Moscow, but they demanded economic and financial concessions in return. Belarus demurred. All three eventually came around to the view that possessing nuclear weapons was a liability. The 9/11 terrorist attacks on the United States raised new fears that weapons of mass destruction might fall into the hands of international terrorists. Fortunately, by that time all ABC weapons (atomic, biological, and chemical) stamped “Made in the USSR” had reportedly been removed to Russia.

### Economic Dislocations

In the 1990s, the Russian economy went from bad to worse. By the middle of the decade, output dropped by one-third and hyperinflation stalked Russian consumers like a great plague.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#PTLX6UQFSCQQGDSGQ906) Year after year, the vital statistics—GDP growth, productivity, prices, wages—told a grim story.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#HCRWU7J6JBAYAA5W9879) Failure to crack down on organized crime was partially to blame for the deep malaise, as was official corruption that, among other things, turned the privatization program into a bonanza for crooks.

A grossly mismanaged privatization program allowed crooks—operating behind the scenes, greasing palms, and using Kremlin connections—to gain control of huge chunks of the Russian economy. In this way, the sell-off of state assets at fire sale prices created multimillionaires (“oligarchs”) while most Russians sank deeper into poverty. Meanwhile, Russia lacked the legal and financial structures necessary for the development of a diversified economy capable of competing in a global marketplace.

Under Yeltsin, most Russians perceived they were worse off than under Communism. A decade later with Putin at the helm, the picture was much brighter.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#NPGBXS98K4NMQA811561) The reason: a sudden steep rise in oil and natural gas prices on the world market in the post-9/11 period. A major producer and exporter of fossils fuels (oil and natural gas), Russia reaped windfall profits before the global recession drove world oil prices down in 2008.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#FNKKE4U9W140NZLTV402)

In short order, Russia paid off its external debt and amassed the world’s largest foreign currency surpluses during this period of irrational exuberance, but ultimately failed to capitalize on it. By failing to diversify the Russian economy or to create a business environment attractive to foreign investors, Putin squandered Russia’s energy-export windfall. The downside of Russia’s extreme dependence on energy exports became evident when world oil and gas prices collapsed and export revenues plummeted in 2008-2009, a prelude to the current economic crisis rocking Russian civil society to its core.

### Ethnic Conflict

Civil war, religious persecution, and ethnic strife followed in the wake of the Soviet breakup in 1991. Centrifugal forces—antagonistic ethnic groups, demands for independence, and terrorist acts—have taxed the Kremlin’s patience and resources and marred its image in the eyes of the world.

Under the 1993 constitution, ethnic groups form the basis for the twenty-one republics in the new Russian Federation (successor to the USSR). These federal units, similar to state governments in the United States, are represented as republics in the upper house of the Russian legislature.

Unfortunately, enmities rooted in history and culture, along with prejudice born of rivalry, injury, and envy are not easily erased. Russia’s nationality problem was put on display in December 1994, when Russia attacked Chechnya, a Muslim republic the size of Connecticut. When Chechnya declared independence and talks failed to produce a settlement, Yeltsin sent troops to put down the revolt. In the ensuing war, Russian warplanes bombed the Chechen capital of Grozny, but Russian ground forces suffered heavy casualties.

Faced with a formidable enemy, a failing economy, a demoralized public, and a rising tide of negative world opinion, Yeltsin moved to end the dirty war in Chechnya. A truce signed in late 1996 put the question of Chechnya’s independence on the back burner; in other words, it settled nothing. In 1999, it was Yeltsin’s deputy, Vladimir Putin, who directed the brutal crackdown that subdued the Chechen rebels. Putin’s success made him a hero to nationalists still fighting mad over Russia’s lost empire.

### Family Matters: Ukraine

For Russian nationalists, losing Ukraine was the biggest blow, akin to losing a family member, because Russians and Ukrainians come from the same ethnic stock and (to a larger extent than Ukrainian nationalists care to admit) share a common history, religion, and culture.

Family feuds can become very nasty, very fast. Nations are no different. In 2005-2006 in the middle of a cold hard winter, when Moscow announced a fourfold increase in the price of natural gas, Kiev balked. Putin cut off natural gas supplies to Ukraine but eventually agreed to a compromise somewhat more acceptable Kiev.

Russia again cut off natural gas supplies to Ukraine in the winter of 2008-2009. Why? Putin used an economic tool (natural gas) as political leverage. Specifically, Ukraine’s dependence on Russia for its energy supplies meant (means) the Kremlin could (and still can) punish Kiev at will for being too pro-EU, pro-NATO, and pro-Western—a classic example of one state using economic means to coerce or blackmail another state.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#ZSRB5FXUQJD5E7QLQ508)

Tensions between Russia and Ukraine, which erupted into a virtual state of war in 2014, are rooted in the intertwined history of these two closely related nations. In fact, Russia and Ukraine are so closely related that it is possible to see them as one nation with two states. Indeed, many Russian nationalists see Ukraine in this way—as an integral part of Russia. They have a point: the earliest Russians on record were the “Kievan Rus.”

Ukraine, and specifically the city of Kiev, is the ancient birthplace of Russia. It is one of the largest countries in Eastern Europe, with a population of approximately forty million, roughly the size of neighboring Poland’s population.

Crimea, a strategic peninsula in the Black Sea, was part of Ukraine from 1954 to 2014, when Russia reclaimed it as part of a larger campaign to punish Kiev for leaning toward the West and, in particular, for seeking membership in the European Union. Crimea’s current inhabitants are Great Russians, who replaced the indigenous population after Stalin sent the Crimean Tatars (famous as formidable warriors) into internal exile to Siberia in the 1930s. A dispute in the mid-1990s over control of former Soviet naval facilities and forces at Sevastopol, a historic Crimean port city, arose from ambiguities and conflicting interests. Although it was resolved peacefully in 1997 (Russia got 80% of the fleet but conceded the port to Ukraine), it resurfaced in 2008 during Russia’s war with Georgia (see Figure 8.2) and again in February-March 2014 when Moscow seized control of Crimea. Alarmed and facing a bloody secessionist movement in a pro-Russian region in eastern Ukraine, Kiev applied for NATO membership in August 2014.

Relations between Russia and other former republics—for example, Kazakhstan and Moldova—are often strained as well. Troubled ethnic relations on Russia’s borders continue to be mirrored by tensions inside the Russian Republic. Chechnya is by no means the only potential internal trouble spot: In fifteen of the twenty-one ethnic republics in Russia today, the titular nationality is in the minority.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#PPRRZKNE48HMN4C75882)

### No Trespassing: Georgia[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#UPVJ4GXQAYRYDKTED822)

Russia’s military invasion of Georgia, a small country of less than five million on its southern flank, rekindled memories of the Cold War when the United States and the Soviet Union were bitter rivals. In happier times, the United States made a show of promising Georgia it would not stand alone as it embarked on the path of democracy.

But when Russia attacked in August 2008, the United States was embroiled in two dirty wars (Iraq and Afghanistan) of its own. George W. Bush—a lame duck president already badly overextended in the Middle East and Central Asia—was in no position to do anything but join the chorus of feckless diplomatic protests. On its own, tiny Georgia was no match for the Russian Goliath.

Georgia’s desire to join NATO gave Moscow a motive to match its means, a powerful mixture of geopolitics and national pride. From the Kremlin’s vantage point, the West had profited at Russia’s expense, using NATO and the EU to fill the vacuum created by the Soviet collapse. Any further encroachment on Russia’s periphery was a provocation to be met with deadly force. Seen in this light, the attack on Georgia put the West on notice: No (more) trespassing!

Nor was the war just about politics. It was also about control of vital oil and natural gas pipelines to the West, about Russia’s debut as a post-Soviet global power (which it clearly is by any geopolitical reckoning), and about drawing a line in the sand on Russia’s western and southern frontiers. Georgia always has been important to Russia because of its strategic position on the Black Sea, the gateway to the Mediterranean, and its proximity to Iran, Turkey, and the Middle East.

Russia’s use of force against a sovereign state friendly to the West was reminiscent of the Cold War. Some things never change.

### State Building

Putin recentralized state power at great cost to Russia’s fragile democratic institutions. We can summarize the effect of his reverse reforms as follows:

* A Tattered Constitution. Putin has greatly enhanced the powers of the executive at the expense of the legislative branch and used the judicial system to intimidate and punish his opponents.
* Feeble Parties and Fewer Elections. The Russian party system is weak and badly fragmented. Putin places formidable obstacles in the path of political parties and party leaders who dare to oppose his policies; he abolished elections for regional governors altogether (he handpicks them now).
* Organized Crime. According to one estimate, organized crime employed some three million people in the mid-1990s; it infiltrated the police and bureaucracy; it also clouded Russia’s relations with the West on many levels.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#ETPQH22CJHQAYHZH0922) Organized crime remains a major blight on civil society in Russia to this day.
* Disrespect for the Law and the Police. Crime, corruption, and collusion have contributed to a culture of illegality that’s been called “Russia’s biggest blight.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#ACZDH3F1HNDKHG9EU225)

## Putin: President or Tsar?

In August 1999, Yeltsin named Putin, a political unknown, to be his new prime minister; eight months later Putin was the newly elected president of the Russian Federation. As the new boss in the Kremlin, Putin quickly moved to put his personal stamp on Russia’s domestic and foreign policies. At home, he moved against Russia’s notorious “oligarchs” (wealthy tycoons who gained control over gigantic pieces of the old Soviet economy in the botched privatization program carried out during the Yeltsin era). Abroad, he gave Russia’s foreign policy a new look, strongly backing the U.S. campaign against terrorism in the fall of 2001.

Putin also paid tribute to economic reforms, including changes in the tax laws and creation of a financial intelligence service to fight money laundering. Buoyed by high oil prices, the Russian economy revived. But the basic structures of Russia’s protectionist, cartel-dominated, red tape-ridden economy, including such key sectors as utilities, banks, and state-owned enterprises, remain largely unchanged.

Putin’s instincts are authoritarian; his methods are Machiavellian. He has eviscerated the independent news media. He relies heavily on the so-called siloviki (antidemocratic hard-liners from the old KGB, police, and the army) to run the country and maintain his grip on power.

The fatal poisoning of Alexander Litvinenko in a London restaurant in November 2006 was a chilling reminder that the ghost of Stalin lives on. Litvinenko, who had defected to the United Kingdom six years earlier, was a former colonel in the Russian secret service (the FSB, successor to the KGB) and a vitriolic critic of Putin. Other Putin critics and mischief makers have been murdered, including Stanislav Markelov, a lawyer who defended Chechens and dissident journalists, and Anastasia Baburova—one such dissident journalist. Baburova became one of at least fifteen journalists killed execution-style (shot in the head on a Moscow street in broad daylight) since Putin took power. A month before the Litvinenko incident, Anna Politkovskaya, a popular investigative journalist and Putin critic, was shot dead in what appeared to be a cold-blooded contract killing.

Politkovskaya wrote for Novaya Gazeta, one of the few independent Russian newspapers still in existence. She’s one of five journalists at Novaya Gazeta who have been murdered. In June 2012, a high-ranking police official arranged to have deputy editor Sergei Sokolov taken to a forest outside Moscow where he threatened to kill the newspaperman. A few months later, that same official charged Alexander Navalny, another Putin critic, with embezzlement (stealing sixteen million rubles worth of lumber)—a crime that carries a maximum prison sentence of ten years. On the same day, the feminist punk rock band Pussy Riot went on trial for blasphemy against the Russian Orthodox faith (see “Politics and Pop Culture”).

Such incidents illustrate the severe limits to press freedom in Putin’s Russia. As we are about to see, the same can be said of political opposition.

## The Two Faces of Post-Communist Russia

Clearly, Russia has emerged from the dark days of its totalitarian past. Stalin is dead, but the legacy of Stalinism is still present in the political culture and the courts of law are tools of state power. The fate of journalists such as Politkovskaya Baburova and Putin opponents such as Litvinenko and Khodorkovsky attests to the continuing use of police-state tactics and a corrupt judicial system reminiscent of the Stalinist show trials to suppress dissent.

One piece of legislation in the summer of 2012 imposes heavy fines on protestors who attend unsanctioned street demonstrations. Another forces NGOs receiving funding from abroad to declare themselves “foreign agents” and submit to extraordinary financial audits. A third recriminalizes libel, with fines as high as five million rubles (over $150,000). A fourth creates a “blacklist” of websites to be blocked—a thinly disguised form of state censorship. These recent laws are Putin’s way of dealing with problems inherent in the rise of a new middle class in Russia.

### Politics and Pop Culture What’s New, Pussy Cat?

“Pussy Riot” is the name that a group of young Russian feminists with an attitude chose when they decided to form a punk rock band in 2011. Within a year, they were famous far beyond the borders of Russia—perhaps no group since the Beatles has made a more sudden and spectacular entrance on the world stage. But unlike the Beatles, Pussy Riot’s fame was not from making hit records or doing world tours; it was from a brief singing “prayer.”

In August 2012, three Pussy Riot members—known to fans as Nadia, Masha, and Katya—were sentenced to two years in prison after staging a thirty-second anti-Putin performance they called a “punk prayer” in a near-empty church in Moscow. The title of the “prayer” in question was “Mother of the Lord, Chase Putin Out.” Putin was not amused: the three women had been kept in pretrial detention since being arrested the previous March.

The women, all between twenty-two and thirty years of age, were put on trial and, to no one’s surprise, were found guilty. Guilty of what? Of violating “conceivable and inconceivable rules” and “emphatically vulgar” and “deliberately provocative” gesturing. Of “crossing themselves in a parodied way.” Of wearing clothing “inappropriate in a church.” And of other impious acts that “offended the feelings of religious believers.”

Among the protestors outside the courthouse was Garry Kasparov, a former world chess champion turned political activist. A political culture that reveres strong rulers, state control of television, and strong backing from the Russian Orthodox Church all worked in Putin’s favor. In the eyes of the world, however, Putin again showed his true colors—the colors of a true tyrant.

During the old Stalinist days, any open expression of dissent was typically characterized as criminal hooliganism endangering the public order. In Putin’s Russia, it seems, the more things change, the more they stay the same.

* When Pussy Riot got into trouble in Moscow and landed in jail, it was the result of a “performance” many true believers considered blasphemous or sacrilegious. Plus, it happened in a church! Should artists be allowed to do or say anything in the name of art no matter how offensive to the morals and/or religious beliefs of others? Does not the state have a right and duty to draw the line somewhere? Think about it.

(Hint: Search your memory (if that fails, try the Internet) for examples of outrageous songs, poems, and books; rock, rap, and hip hop artists; paintings, movies, and YouTube videos that are (or once were) deemed deeply offensive to people of certain religious sects, political persuasions, and social classes.)

Even so, Putin is not Stalin, and today’s Russia is not the Soviet Union. Queuing up for a loaf of bread or a kilo of meat in freezing cold is no longer part of daily life. The dreaded knock on the door in the middle of the night is a thing of the past, as is the infamous Soviet gulag archipelago—the vast chain of forced labor camps in the Siberian wilderness. Gone too is the Soviet ban on foreign travel.

The horrors of Soviet history are no longer locked away: “Gulag Archipelago and other literature, fiction and nonfiction, about Stalin’s terror are easily available in bookstores and libraries; academic research is unconstrained.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#PLZG3SJCVH9YLZ0UA142) In 2007, Putin visited Butovo, one the sites where mass executions occurred under the Stalin terror in 1937 and 1938, calling it “insanity”; and in November 2010 the Kremlin admitted that the Soviet Union—not Nazi Germany—carried out the atrocity known as the Katyn Forest massacre near the Russian city of Smolensk in 1943.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#UKRQJSKAEZJGPW5VP280)

But Putin continues to rely heavily on Russia’s law enforcement agencies—specifically the Federal Security Service (the FSB) and the new Investigative Committee under a Putin crony—to maintain his grip on power. FSB officers and veterans still proudly call themselves chekisty—heirs of the Cheka (Lenin’s secret police). Putin himself got his start as a KGB officer under the old Soviet system.

Putin’s relations with Europe and the United States are strained. In the eyes of the West, Russia has consistently backed the wrong side, be it Iran’s nuclear ambitions, the civil war in Syria, or the secessionist movement in eastern Ukraine.

## The Economy: Neither Fish nor Foul

In the early 1990s, Russians dared to hope that Russia was finally shedding its stifling autocratic political institutions and uncompetitive, anti-consumer economy. But that hope soon faded. With Putin at the helm, it all but vanished. Putin restored order and recentralized power, but he failed to take advantage of windfall profits from Russia’s oil and gas exports to modernize and diversify the Russian economy. At the same time, he allowed cronies and corrupt insiders—so-called oligarchs—to amass fortunes and divert billions of rubles into private bank accounts abroad.

By 2014, Russia’s emerging middle class constituted 42% of the population. In Russia’s major cities, notably Moscow and St. Petersburg, these numbers were even higher. Arguably, Putin and his old-style Russian politics are out of step with this fundamental change in the class structure of Russian society.

At first, high oil prices allowed Putin to restore a measure of popular trust in the paternalistic state, which fell into disrepute in the turbulent 1990s. But in 2014, Western sanctions designed to punish the Kremlin for its support of east Ukrainian separatists began to take a heavy toll on the Russian economy (see **Table 8.2**). As the price of crude oil went into free fall (trading at $71.00 a barrel in early December 2014), and with the ruble losing value (down 40%), the nation braced for a new round of budget cuts and belt-tightening.

Given the dire circumstances, the Russian economy was expected to contract at least 0.8% in 2015 (a worst-case scenario—oil falling to $60 a barrel—put that figure at 3.5–4.0%). Capital flight was draining the nation’s bank reserves. Meanwhile, Russia’s banks and state-run companies “that constitute the heart of the Russian economy,” reportedly owed nearly $700 billion to Western banks. “But sanctions imposed by the United States and Europe over Russia’s annexation of Crimea and adventurism in southeastern Ukraine have blocked access to Western financing.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#LNFUQK26412RC4HD1919)

Revitalizing the economy was one of the big challenges facing Putin even before oil prices dropped and relations with the West soured. Corruption—fraud, bribery, blackmail—are pervasive problems. Bureaucratic red tape is yet another. Foreign investors were reluctant to take the risks associated with doing business in Russia even before the falling out (and fallout) over Putin’s aggressive moves in Crimea and eastern Ukraine. In 2014, the United States froze the assets of a Russian bank and several Russian oligarchs, foreign direct investment (FDI) in Russia fell sharply, venture capital all but dried up, and the ruble sank to record lows for the decade.

But Russia is a big country with a well-educated population, vast natural resources, and much potential for economic growth and development. In 2007, a new “state corporation” called Russian Technologies (RT), or “Rostec,” was created to spearhead a drive to reindustrialize.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#REWMSX8ULW1J59N3U881) Since that time, hundreds of industrial firms and some 900,000 employees have been transferred to Rostec, whose goals are to innovate, develop new technologies, and eventually float high-quality companies on the stock market. Rostec is required to find new jobs for any workers laid off.

Moscow is making a bid to create a Russian Silicon Valley at a place called Skolkovo outside Moscow. This ambitious project is a special economic zone (SEZ), modeled after China’s SEZs (see **Chapter 5**), credited with catapulting the PRC to the front ranks of the world’s major economies in the short span of three decades. Whether Skolkovo will materialize into something more than a pipedream remains an open question. Nonetheless, it is a sign of the times and of Putin’s sense of urgency in the face of new forces and rising powers in the global economy that are rapidly leaving Russia in the dust.

n 2012, Russia joined the World Trade Organization (WTO), normally a big step toward opening a national economy to global competition and normalizing trade relations with the West. But more recent events have had a chilling effect and given rise to fears of a new Cold War in Europe—a development no one, least of all Vladimir Putin, would or should welcome.

## Will Russia Ever Change?

Does Russia represent the remains of a great empire in decay or will it reemerge as a major world power? Is it unalterably authoritarian?

The answer to the first question is probably “neither”—Russia will neither self-destruct as the Soviet Union did nor will it recapture the status of world-class superpower the Soviet Union achieved. The answer to the second question is probably “yes”; there is little reason to believe Russia’s governmental institutions, power structure, or political culture will change any time soon.

Though the era of totalitarian rule has ended, Russia remains a riddle. The show trial of the rock band Pussy Riot in 2012 for blasphemy (a crime!?) underscored the tenuous and tentative status of democracy in Putin’s Russia, as well as the collusive ties reminiscent of pre-Soviet Russia between church and the state, patriarch and potentate. Given centuries of despotism and centralized rule, the political culture necessary for liberal democracy to take root and flourish is too weak and the inertia of the past too strong.

Russia’s post-Soviet constitution created a federation based on republican principles (aka, representative democracy). Today, Russia is neither federal nor democratic in character—one Western journalist has called Russia under Putin a “mafia state.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#YYKEUF5WU5Y5WH8PQ869)

We turn next to a brief look at Eastern Europe, a region of nations in transition. No two countries have approached the problems of political and economic reform in exactly the same way.

# Eastern Europe: Two-Track Transition

The newly independent states of Eastern Europe were Communist-ruled during the Cold War era, which lasted for more than four decades. All were saddled with centrally planned economies patterned after that of the Soviet “Big Brother.” Just as central planning did not work in the long run in the Soviet Union, neither did it work anywhere else. But it is easier to demolish than to construct; for rebuilding, Eastern Europe had to look to the West. The West stood ready to help, but first the former communist states would have to create democratic institutions and market-based economies.

## Poland

The boldest reforms were adopted in Poland, the Czech Republic, and Hungary. (The Baltic states of Estonia, Latvia, and Lithuania also moved quickly to jettison all vestiges of the Stalinist police state and central planning following the breakup of the Soviet Union.) Poland showed the way, launching “shock therapy” policies designed to create a functioning market and to privatize the notoriously inefficient state enterprises that were a legacy of Communist rule. Unlike the Soviet Union, Poland had never banned small-scale private enterprise, and a decade after its democratic revolution, private enterprise was flourishing as never before (with some two million registered businesses).

Poland’s tough approach to reform yielded impressive results in the 1990s, when its economy grew faster than that of its ex-communist neighbors, averaging over 5% a year between 1995 and 2000. Poland also managed to tame inflation, a major threat to social and economic stability throughout the region. As a direct result of these market-friendly reforms, Poland attracted infusions of foreign investment that were, in turn, a tonic to its reviving economy.

However, double-digit unemployment (nearly 25% among young workers in 2014) remains a nettlesome problem, especially in a country where jobs had been guaranteed to all adults during two generations of Communist rule. A growing wealth gap is also a problem, as the relatively poor rural populations continue to lag behind the urban middle class. Because Polish agriculture was never collectivized (as in the Soviet Union), many of Poland’s impoverished villagers still live and work on its two million family farms.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#CKHDUE3HSH1VXP61Y715)

Although polls show crime and official corruption have undermined public confidence in government, the Polish economy continued to improve year after year, turning in steady growth rates (5–7%) with modest inflation (2–4%) prior to the global recession in 2008. Poland’s economy was projected to grow at a modest 2.3% in 2014. Poland joined NATO in 1999 and the European Union in 2004—before the euro crisis cast a pall over Europe’s single market.

Poland is a parliamentary democracy with a popularly elected president. Prime Minister Donald Tusk’s center-right Civic Platform won the 2011 elections with nearly 40% of the popular vote and gaining sixty-three seats in the Sejm (parliament). The Civic Platform (PO) and the agrarian Polish People’s Party (PSL) formed a coalition government, with the PSL as a very junior partner. President Lech Kaczynski, leader of the main opposition party, called Law and Justice, was killed in a plane crash in April 2010. Bronislaw Komorowski (a Civic Platform leader from 2001–2010) was elected president in August 2010.

## The Czech Republic

Unlike Poland, caught between two totalitarian states (Nazi Germany and Soviet Russia) in World War II, Czechoslovakia was betrayed at the Munich meeting between British Prime Minister Neville Chamberlain and German Reich Chancellor Adolf Hitler. (It’s fair to call the Munich Pact a betrayal because Britain and France chose not to honor a preexisting military alliance with Czechoslovakia.) Hitler’s Wehrmacht invaded and occupied Czechoslovakia in 1939. In 1945, as the war was drawing to a close, it was the Red Army, ironically—not the U.S. Army—that “liberated” most of Czechoslovakia, thus helping to boost the image of the Czech Communist Party. In the 1947 elections, Czech Communists won a majority of seats in the national parliament, formed a government, and quickly moved to establish a Stalinist dictatorship.

This bit of history is especially important both because the Communists came to power in a free election rather than a revolution (the only such instance in European history) and because Czechoslovakia was the last country where anyone who knew anything about Eastern (or Slavic) Europe would have expected that to happen.

Czechoslovakia came into being after World War I as a full-fledged parliamentary democracy—the only instance of popular self-government in Eastern Europe prior to 1989. In the Czech Republic, Prime Minister (now President) Václav Klaus extolled the virtues of the marketplace and implemented an ambitious coupon-redemption scheme that theoretically gave all Czech citizens shares of newly privatized (formerly state) enterprises. But the distribution was done without adequate safeguards and thus failed to accomplish one of its primary aims—to give Czechs a stake in the new market economy. In fact, crooks and insiders (a distinction without a difference) grabbed up the high-quality stocks, most of which never became available to the public, and used connections to get operational control of the “hottest” properties.

Unsurprisingly, this bungled attempt at reform soured many ordinary Czechs toward democracy and capitalism rather than solidifying popular support as it was intended to do. Inflation, fear of job losses, corruption in high places, a growing gap between the nouveaux riche and the majority, and a heightened awareness of how far behind the West Eastern Europeans in general—and Czechs in particular—had fallen all contributed to a deepening disillusionment. In the eyes of the people, the shady entrepreneurs and self-aggrandizing politicians became synonymous with “the system.”

Despite popular dissatisfaction with politics, the Czech Republic is a free country with a popularly elected president and parliament and an independent judiciary. The Czech economy, having stumbled along for most of the 1990s, made a good recovery following the recession of 1997–1999. Structural reforms (for example, in the banking sector) helped achieve this result. Voters strongly endorsed the Czech Republic’s entry into the EU in 2004, a move that opened Europe’s huge Single Market to Czech-built automobiles, armaments, machinery, and other exports and could well make the Czech Republic a magnet for foreign investment.

In the five-year period from 2003 to 2008, the Czech economy grew at an annual rate of 5.2%, while inflation averaged just below 3%. The manufacturing-based economy was especially hard-hit by the global recession in 2008-2009—industrial output fell by over 17.4% in November 2008, the highest of any EU country. (Spain was close, but the overall drop in industrial activity for the EU as a whole was a less dramatic 7.7%.) Due to budget constraints at home and Europe’s painfully slow recovery from the global recession—exacerbated by the euro crisis after 2010—the Czech economy contracted in 2012 and 2013 but was on track to grow a mere 2% in 2014.

After more than two decades of freedom and independence, Czechs embrace constitutional democracy as an ideal but remain cynical about the existing political system and the politicians who run it. And for good reason: the Czech party system is fragmented (no fewer than nine political parties contested the 2010 elections), the Czech parliament is fractious (five parties claimed seats in the new parliament), and coalition governments are often unstable.

In 2012, the Czech parliament passed a constitutional amendment providing for popular election of the president. Previously, the president was chosen by parliament. This first direct presidential election in January 2013 required a second round runoff, in which Milos Zeman was elected president. But he soon fell afoul of public opinion for cozying up to Russia and China, among other things. Zeman is combative and vulgar by nature—the very opposite of the soft-spoken, diplomatic, and conciliatory Vaclav Havel, the Czech Republic’s first president, a playwright famous for choosing his words carefully. In November 2014, during celebrations in Prague commemorating the twenty-fifth anniversary of the Velvet Revolution that ended Communist rule in Czechoslovakia, an unruly crowd pelted Zeman with eggs, shouting, “Resign! Resign!” True to form, he vowed to stay in office, and his exact words don’t bear repeating.

## Hungary

In 1968, the same year as the ill-fated Prague Spring (“socialism with a human face”) in Czechoslovakia, the Budapest government launched the New Economic Mechanism (NEM). The NEM, aimed at limited decentralization of the economy and other market-oriented reforms, was a promising experiment in the early going. Production of consumer goods (always a low priority in Soviet-type economies) rose, and the quality of life for Hungarians generally improved. But hard-line Communists at home and abroad (particularly in the Soviet Union) opposed these reforms, and in the 1980s the NEM was abandoned.

Even so, as the economy steadily declined, Hungary turned to the West for trade, aid, and investment. The liberalization that accompanied this policy included a new tolerance of private businesses and partnerships with foreign multinational companies. Thus, Hungary’s reform efforts—though limited in scope and scale by a combination of politics, ideology, and Soviet interference—gave it a head start when Communism self-destructed at the end of the 1980s.

After 1989, Hungary’s popularly elected government accelerated the pace of free-market reforms. In particular, as the leading emerging market in the region, Hungary attracted more than half of all direct foreign investment in Eastern Europe, even though its population (about ten million) was a mere 25% of Poland’s and a tiny fraction of Russia’s.

Post-communist Hungary moved swiftly to break up and privatize its huge state-owned enterprises; by 1993 the private sector’s share of the GDP was about 50%. The pace of privatization slowed temporarily when the Socialists gained a majority in the parliament in 1994, but the following year the same parliament passed legislation to speed the sale of state-owned enterprises and prepare to sell off public utilities and strategic industries such as steel and electricity.

Despite these bold restructuring efforts, Hungary has suffered high levels of inflation and unemployment. In the five years preceding the 2008 global recession, Hungary’s economy grew at an annual rate of only 2.8%, while inflation averaged more than 5%. In 2009, the economy was in dire straits as demand for the country’s manufactured goods crumbled—exports account for about 80% of Hungary’s GDP, and industrial output fell by almost 30% in February.

To make matter worse, Hungary’s currency (the Forint) dropped sharply. Because it depends so heavily on exports to the EU (and especially Germany), Hungary was particularly vulnerable as Europe and the world sank into recession in 2009. Hungary’s struggling economy showed signs of recovery in 2014, growing 2.4%, but the nation’s extreme energy dependence on Russia, which supplies 80% of its natural gas, made it hostage to the Ukraine crisis.

Like Poland and the Czech Republic, Hungary is a multiparty parliamentary democracy. In the first three free elections after 1989, a different party won control of the government each time—a sign of party competition and political pluralism at work.

Both president and prime minister are leaders of the right-wing Fidesz Party, which won a two-thirds majority in Hungary’s unicameral legislature in the 2010 national elections—the biggest electoral margin since the end of communist rule. The first acts of the new government under Prime Minister Viktor Orban, including a tough new law aimed at restricting the independent media, left many observers questioning its commitment to liberal democracy. Voters handed Fidesz a second victory in the 2014 parliamentary elections. But in November, an estimated ten thousand Hungarians gathered outside the parliament in Budapest to protest against the Orban government’s alleged corruption and abuse of power.

In sum, Hungary’s political future remains under a cloud while its economic problems are raising tensions within Hungarian society. Will Hungary’s fledgling democratic institutions survive? Now that Hungary is part of the EU, will Brussels stay on the sidelines if Hungary slides toward a police-state dictatorship?

## The Changing Face of Europe

Most former communist states in Eastern Europe have joined NATO and the European Union, including Slovakia, Slovenia, the Baltic states (Estonia, Latvia, and Lithuania), Bulgaria, Romania, and, most recently, Croatia. Tiny Slovenia (population two million) has outshined all the others, achieving a per capita GDP that puts it well ahead of the Czech Republic, Poland, and Hungary—and even one Western European country, Portugal. All have made—or are in the process of making—the transition from authoritarian one-party rule and Soviet-style command economies to pluralistic representative democracy and market economies. Failure to make this transition means the door to the European Union remains shut.

Among the countries standing in line to join the West are Albania, Montenegro, and Serbia. Ukraine and Georgia have also expressed a desire to join both NATO and the EU. But the euro crisis, which started with a small country (Greece) and now threatens to spread and possibly call into question the survival of common currency, has created new burdens for EU members (especially Germany) and a collective sense of self-doubt in Brussels. Whether the new realities translate into a greater reluctance to admit new members only time will tell.

Amid all of Europe’s “negatives” in these difficult times, it’s easy to lose sight of the positives. For all practical purposes, totalitarianism (Communism, Nazism, Fascism) has disappeared from the map of Europe. There are still countries where elections are a farce and freedom of the press is a fairytale (Russia and Belarus, for example), but they are now few and far between.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#PNXE66231RUDBY21Z852)

# Asia: Aging Tigers—Still Strong Or Endangered?

Like the former communist states of Eastern Europe, Asia’s “four tigers”—South Korea, Hong Kong, Taiwan, and Singapore—were also in transition in the 1990s. (Under the terms of an 1898 treaty, control of Hong Kong reverted to China in 1997.) Other Asian “tigers” were emerging as well, including Thailand, Malaysia, and Indonesia. All competed with Japan, Asia’s “economic miracle” and model of an export-driven economy. But already in the 1990s, the rise of China—combined with Japan’s sinking economic fortunes—signaled a big change in the global balance of power and put Asia’s tigers on notice: Beware of the Dragon!

## South Korea: Beleaguered but Resilient

The economic transformation of South Korea, from a poor country dependent on agriculture to a modern industrial state powered by a technologically advanced manufacturing sector, was complete by the turn of the twenty-first century. South Korea achieved an impressive economic growth rate of more than 7% a year between 1971 and 2014.

### The Economy: Down but Not Out

Although China now has the world’s second largest national economy, South Korea’s per capita national wealth (GDP) was roughly six times mainland China’s and twenty times that of Pakistan in 2010. To put South Korea’s achievement in even better perspective, South Korea’s GDP per capita is far larger than that of Chile, the richest country in Latin America, and more than double that of Brazil.

It has come very far in the half-century since World War II and the Korean War left its economy in a shambles and its people traumatized and destitute. But it has a long way to go to catch up with Japan. Indeed, Japan’s GDP per capita ($45,680 in 2013) still far exceeds that of South Korea ($24,590).

In the 1990s, huge industrial conglomerates and largely unregulated big banks dominated South Korea’s economy. These special interests had become powerful and entrenched, stifling competition.

Although Asia’s financial crisis of 1997-1998, known as the **Asian flu**, did not start in South Korea, it had a devastating impact there. Big banks had been lending money to big business without regard to the underlying financial condition of the borrowers. This situation, as well as the general need to revitalize the country’s economy, compelled the government to intervene aggressively—not to put the state in control of the economy but to give greater play to free-market forces.

Seoul launched a program of bold reforms in the late 1990s. The reforms proved to be a tonic: South Korea’s economy grew 4% a year on average between 1995 and 2008. The country’s resilient export-driven, trillion-dollar economy was slowed by the 2008 global recession but bounced back quickly thanks in no small part to a $38 billion economic stimulus program. South Korea’s economy has slowed in recent years, averaging 3–4% annually.

### Who Rules? New Times, Old Habits

Korea’s political traditions are authoritarian. North Korea has been Communist-ruled since World War II, while South Korea, a close ally of the United States, is anti-communist and theoretically a “republic” (see **Figure 8.3**). The official name “Republic of South Korea” was, in effect, the mask of a pro-Western police state for half a century. Then, in 1997, the impossible happened: Kim Dae Jung was elected president—the first opposition candidate ever to win (or be allowed to win) the country’s highest office. Kim was awarded the Nobel Peace Prize in 2000 for his efforts to improve relations between the two Koreas.

South Korea’s institutional reforms are tenuous, as Kim Dae Jung’s successor, Roh Moo Hyun, found out when opposition parties that dominated a raucous National Assembly impeached him in 2004. After a sixty-three-day hiatus, the Korean Constitutional Court threw out the impeachment and reinstated Roh, thus ending a perilous political crisis in one of East Asia’s pivotal states.

Business executive and former mayor Lee Myung-bak won the December 2007 presidential election, but five years later his approval rating had plummeted to an abysmal 30%. Rising food and gas prices, high education and housing costs, inadequate job opportunities for university graduates, and a weak social safety net were among the primary sources of public disenchantment with the government.

Despite the initial predictions of a landslide victory for the main opposition Democratic United Party (DUP) in the 2012 national elections, the ruling conservative Saenuri Party staged an upset, winning 152 seats, enough for a clear majority in the 300-member national assembly (the DUP won 127 seats).

Park Geun-hye, the daughter of General Park Chung-hee (South Korea’s ruler from 1961 to 1979) was credited with engineering a major makeover of the conservative party in the run-up to the 2012 parliamentary elections. Her reward was to become her party’s (successful) presidential candidate.

The nation’s the first female president, she faced daunting challenges. South Korea’s export-led economy, still suffering from the lingering effects of the global recession, faces stiff competition from China and Japan, as well as the other Asian tigers. Sluggish growth has been accompanied by declining living standards. The number of South Koreans living in relative poverty jumped 10% between 2006 and 2012, while one-fifth earned less than half the national average income.

Although Korea remains a divided peninsula, change is afoot. It is no longer fair to describe South Korea as an authoritarian state with a democratic veneer. Thanks to a reformed political system that features competitive elections, civilian authority, and the rule of law, South Korea is making the transition from republic-in-name-only to just plain republic.

## Taiwan: Asia’s Orphan State

Taiwan is another of Asia’s success stories, but it exists in a kind of diplomatic twilight zone. For more than three decades, despite determined efforts by the People’s Republic of China to isolate it on the global stage, Taiwan has managed to prosper.

### Taiwan: Beyond Recognition …

Taiwan became an independent state after World War II when the Chinese Communists, led by Mao Zedong, defeated Chiang Kai-shek’s Kuomintang. Until 1972, the United States recognized Taiwan as the legitimate government of China, although it was clear the communist regime in Peking was in control of the mainland. In 1972, the People’s Republic of China replaced Taiwan at the United Nations and the United States decided to “derecognize” Taiwan in order to normalize diplomatic relations with Beijing for the first time since 1949.

The decision was a devastating blow to Taiwan. Although it has remained independent, it no longer enjoys diplomatic recognition by other sovereign states and is no longer a member of the United Nations. The reason for this unique state of affairs is that the People’s Republic of China has successfully pressed its claim that Taiwan is part of China, there is only one China, and Beijing is its capital. Even so, Taiwan—officially the Republic of China–continues to enjoy the military protection and diplomatic goodwill of the United States, as well as close economic ties.

### The Economy: A Little Tiger with Teeth

Compared to mainland China, Taiwan is Lilliputian, but its per capita GDP, only slightly lower than South Korea’s, dwarfs the PRC’s. Exports—especially electronics, machinery, and petrochemicals—are the main drivers of Taiwan’s economic growth.

A heavy dependence on exports makes Taiwan’s economy, like Japan’s and South Korea’s, especially sensitive to fluctuations in global demand, turmoil in global stock markets, and downdrafts in the global economy. Little surprise, then, that in the year following the 2008 Wall Street meltdown, Taiwan’s GDP fell to under 2%.

In 2010, exports bounced back and the economy raced ahead by over 10%. The GDP growth rate dropped to less than half that level in 2011, fell as low as 1.3% in the fourth quarter of 2013, but bounced back at around 4% in 2014.

Taiwan’s economy grew at an average annual rate of 4–5% from 2003 through 2008—before the financial meltdown that plunged the world into the Great Recession. That’s the kind of “normal” to which most countries would be only too happy to return.

### Politics: Where Abnormal Is Normal

Taiwan’s economic success is nothing new, but its fretful movement toward liberal democracy is new. The country finds itself in a unique and unenviable position. For more than four decades, Taiwan has existed in a kind of international legal-political-diplomatic twilight zone. Governments wishing to have normal relations with the PRC are forced to pretend that Taiwan doesn’t exist. They can trade with Taiwanese companies but cannot exchange ambassadors or have official political or diplomatic relations with Taipei.

In 1988, Lee Teng-hui became the first native Taiwanese leader to assume the office of the presidency, and in the 1996 election he became the first popularly elected president in Taiwanese history. Lee instituted sweeping political reforms during his twelve-year tenure, continuing a process initiated in the mid-1980s by his predecessor, Chiang Ching-kuo (Chiang Kai-shek’s son). In 2000, Taiwan’s voters elected Chen Shui-bian president—the first time ever that the Taiwanese government was not headed by the leader of the Kuomintang.

Taiwan’s political parties and electorate are polarized. The Pan-Blue Coalition favors eventual Chinese reunification, whereas the Pan-Green Coalition favors an official declaration of Taiwan independence. In September 2007, the Democratic Progressive Party (leader of the Pan-Green Coalition) approved a resolution asserting Taiwan’s separate identity from China, expressing a desire to become a “normal country” under a new constitution and calling for general use of “Taiwan” as the island’s name.

Chen assumed office pledging to clean up government, but his tenure was marred by allegations of corruption against a background of public discontent over a sluggish economy and legislative gridlock. Chen and his family allegedly embezzled millions of dollars while he was in office, charges that led to a high-profile trial, conviction, and a seventeen-year prison sentence in 2009.

The Kuomintang increased its majority in Taiwan’s parliament in January 2008, and its nominee Ma Ying-jeou won the presidency that year, promising a more robust economy and the pursuit of closer relations with the People’s Republic of China. Ma made good on the latter promise, but closer trade ties with the mainland raised fears that Ma’s pro-China policies would jeopardize Taiwan’s independence. Despite these fears, President Ma was elected to a second term in 2012.

Prime Minister Jiang Yi-huah and his cabinet resigned at the end of 2014 when the pro-China KMT party suffered big losses in local elections across the country—in all, twenty thousand candidates ran for eleven thousand positions. Ma, who is also KMT chairman, felt compelled to apologize to party supporters “for making everyone disappointed.”

# Latin America: A New Day Dawning?

Whereas Asia’s transitional states started with economic reforms, Latin America’s led with political change. Democracy has finally taken root, but most countries in Latin America still have not found a recipe for economic revitalization.

The states of Latin America (formerly colonies of Spain or Portugal) gained independence in the 1820s—long before Europe’s colonial empires were dismantled elsewhere. With few exceptions, military-bureaucratic rule was the norm in Latin America until quite recently. Only in a few countries, such as Colombia, Venezuela, and Costa Rica, had popularly elected civilian government ever succeeded. The wave of liberalizing reforms that swept across Latin America in the 1980s ushered in a whole new age in the region’s history and opened a fresh page in its politics.

## The ABCs of Reform: Argentina, Brazil, and Chile

In the 1980s, one Latin American military dictatorship after another stepped aside in favor of a democratically elected civilian government. Today, virtually every government in the region qualifies as a liberal democracy.

What drove these regime changes was the need for economic reforms, evidenced, above all, in the huge foreign debts many Latin American countries had amassed. The burden of these debts, combined with outmoded economic structures and uncompetitive (protected) industries, high inflation, mass unemployment, widespread poverty, and gross inequality between the rich and poor plunged the region into a crisis of self-confidence and underconsumption. Millions of people, especially campesinos (peasants) in rural areas, continue to struggle to survive at a bare subsistence level.

### Chile

Although in most of Latin America political change preceded economic reforms, Chile instituted market reforms before it democratized its political system. Under General Augusto Pinochet, who seized power in a bloody coup in 1973 by overthrowing the elected Marxist government of Salvador Allende, was one of the harshest military dictatorships in the region.

Pinochet’s seventeen-year rule was a reign of terror in which more than 3,200 people were executed or disappeared. But the Chilean economy—spurred by market forces and a cozy relationship with the United States—marched ahead.

Chile is the most prosperous country in South America. Despite the persistence of official corruption and a uneven distribution of wealth reminiscent of feudal societies, the economy has continued to grow. Income inequality has started to shrink in recent times, but the top 10% still take $42 out of every $100 of disposable income in Chile (compared to $30 in the United States).

Exports are a major factor in this success story. The country’s main exports are copper, fish, fruit, paper and pulp, and chemicals. Chile signed free-trade agreements with the EU in 2003, and similar agreements with the United States and South Korea went into effect in 2004.

Pinochet gradually eased his iron grip on the Chilean political system in the 1990s. Today Chile holds free elections and civilians run the government. In 2005, Michelle Bachelet, a Socialist, became Chile’s fourth elected president since the end of the Pinochet era—and the country’s first female chief executive. Her popularity fell sharply in the first year when massive demonstrations involving high school students broke out all over the country. The students were difficult to dismiss as a bunch of rebellious teenagers when what they demanded was a better education!

Camila Villejo, a twenty-three-year-old university student, is a prominent figure in the protest movement; she is also one of many young, university-educated Chileans who openly embrace communism two decades after its widely (but perhaps prematurely) celebrated death. According to opinion polls, 70% of Chileans supported the students’ demands, even though some respondents had reservations about the students’ methods.

But Bachelet won most Chileans back in the second half of her four-year term—according to one opinion poll, she had a record 84% approval rating when she left office in the spring of 2010. Under Chile’s constitution, however, presidents cannot have consecutive terms, no matter how popular they are.

Billionaire businessman Sebastián Peñera, leader of the opposition center-right Alliance Party and the man Bachelet narrowly defeated in the 2005 election, was elected president in 2009. Peñera faced his first major test as president in the aftermath of the devastating 2010 earthquake. Peñera directed the dramatic rescue of thirty-three trapped miners—a story that was closely followed by the media around the world for many months. His approval rating soared to 63% in late 2010; over the next two years it plunged to under 30%.

What happened? In 2011, a Chilean winter of discontent followed the tumultuous Arab Spring. Often the causes of social unrest are rooted in a failed or failing economy, but Chile’s economy was growing at a brisk pace. So what was the problem? In a word: fairness. In 2010, Chile joined the Organization of Economic Cooperation and Development (OECD), an exclusive club consisting of the world’s most advanced economies. Among the OECD’s thirty-four members, Chile “boasts” the biggest gap between rich and poor. The upshot is a pervasive sense of unfairness.

Evidence of this roiling discontent was not long in coming: in national elections at the end of 2013, Michelle Bachelet, now for running president again after a four-year hiatus, won in a landslide, the biggest margin of victory since Chile’s return to democracy. Bachelet promised to tackle social and economic inequality through tax and education reforms, as well as constitutional changes.

### Brazil

In Brazil, the generals finally relinquished control of the government in 1985. Three years later, the country adopted a new constitution that provides for direct election of the president. Fernando Henrique Cardoso, an economist, was elected in 1995, promising to reform and restructure Brazil’s economy. Despite his best efforts, Brazil continued to be plagued by heavy external debts, chronic budget shortfalls, extensive rural poverty, and glaring inequalities when Cardoso left office in 2002.

Cardoso’s successor, Luis Inácio Lula da Silva, presented a stark contrast in both political philosophy and leadership style. A charismatic union leader and reformer, the new president was affectionately known as “Lula” to millions of Brazilians. Under Lula’s direction, the state ratcheted up pensions and the minimum wage by 50%. In 2006, Brazilians rewarded Lula’s efforts by reelecting him to a second term.

Lula was ineligible to run again in 2010, but such was his popularity that any candidate he endorsed would have a good chance of winning. He chose a woman, Dilma Rousseff, who ran and won, becoming Brazil’s first female president.

Lula was a tough act to follow. As president from 2003 to 2010, he managed to balance economic reforms and social justice. With Lula at the helm, the richest Brazilians (top tenth) got 11% richer, while the poorest (bottom tenth) gained 72%, thanks in part to the Bolsa Familia (Family Allowance), a plan that uses tax revenues to give cash subsidies to the poorest Brazilians provided they send their kids to school and get regular checkups at free public health clinics.

Despite a sluggish economy slowing to a nearly zero growth rate, Rousseff’s personal approval rating hit record highs in the summer of 2012. “We are living in a period of crisis for the advanced economies,” Rousseff wrote in an article on the Brazilian model. “Debt accumulation is no substitute for rising wages, and market self-regulation is no substitute for government regulation. The rich world is now searching for a more balanced economic model and there are some common policies we should all pursue in 2012.” According to Rousseff, in the short span of eight years, more than forty million Brazilians were lifted “out of poverty and into the middle classes, with access to health, education, credit and formal employment.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#SYPGAPWT5RP0R8LP9740)

Notwithstanding bureaucratic obstruction, corruption, poverty, illiteracy, and inequality remain major obstacles to a Brazilian economic miracle. Yet Brazil does have a lot going for it. Measured by both population and landmass, it is the seventh-largest country in the world.

Thanks to Lula’s popularity and political skills, Rousseff inherited a strong and stable government, a fiscally sound state, and a large, diversified service sector and modern industries including automotive, aeronautical, and electronics. That’s the good news. The bad news is that Mother Nature is paying a heavy price.

Brazil has made a commitment to reduce the deforestation of its Amazon rain forest by 80% by 2020. The Amazon rain forest is one of the natural wonders of the world and a major mechanism for the exchange of carbon dioxide and oxygen in the earth’s atmosphere. But clear-cutting for roads and agriculture is massively reducing the area it covers. In 2013, the government ordered an inventory of the trees in the Amazon—perhaps a step in the right direction.

Along with China and India, Brazil is one of three major economic powers to rise to prominence on the world stage in recent times (see **Figure 8.4**). But it turns out that even being on a glide path of economic growth and development is not a cure-all. Rising expectations, demographic realities, and energy demands all contribute to an ecological conundrum now often oversimplified in terms such as “climate change” and “global warming.” These are problems not only for ecologically challenged BRICs (Brazil, Russia, India, and China) but also for the richest countries. The BRICs have the most to gain; the West has the most to lose.

Rousseff did not cover herself in glory during her first four years in office. Far from it. Yet despite a legacy that “includes recession, inflation above the Central Bank’s target, opaque public accounts, rising public debt and a looming downgrade in Brazil’s credit rating, as well as a current-account deficit that, at 3.7% of GDP, is the widest since 2002,” she was reelected in 2014—but by slim 3%margin.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#XUCXWBALZ6J5N3RT5982) It was not an auspicious start to her second term. Even less so because—with charges of corruption in the air—her Workers’ Party (PT) is reported to have financed the campaign in part with money stolen from Petrobas, the state-owned oil company.

Nevertheless, Brazil stepped onto center stage as a rising global power in 2014 when it hosted the World Cup, a wildly popular international sports event. As if that were a mere dress rehearsal, Brazil will also host the 2016 Olympic Games, which are expected to draw 600,000 visitors to Rio de Janeiro, the capital. Organizers expect to sell nine million tickets.

### Argentina

Argentina’s military rulers bowed out in 1982 after the country’s humiliating defeat by the British in the Falklands War. Argentina was then the richest country in South America in per capita GDP, but in the years that followed, corrupt politicians and economic mismanagement reduced its economy to ruins.

To hold down inflation and budget deficits, the government had little choice but to adopt unpopular policies, including high taxes and spending restraints. This policy of fiscal austerity, in turn, led to rising unemployment and social unrest. But the government feared that if it relaxed fiscal discipline, foreign investors would turn away. This dilemma led to a political crisis in 2001 as the slumping economy went from bad to worse. With the country on the verge of economic collapse, popular anger boiled over. Argentina became the scene of widespread riots and looting. Then it defaulted on its $155 billion foreign debt payments—the largest default of its kind in history. One president resigned, another could not calm the storm.

Néstor Kirchner, the governor of Santa Cruz, was elected president on a vow to reform the courts, police, and armed services and prosecute perpetrators of the dirty war (see “**Landmarks in History**”). Argentina’s economy rebounded, growing at an impressive rate of 8% a year under Kirchner’s guidance. In March 2005, Kirchner announced the successful restructuring of the country’s debt. In January 2006, Argentina paid off its remaining multimillion dollar IMF debt ahead of schedule.

Kirchner chose not to run again in 2007, endorsing the candidacy of his wife, Cristina, instead. She won. This marital succession had a precedent in Argentina—Isabella Perón famously succeeded her husband, Juan Perón, in 1974. Néstor Kirchner died in 2010 amid calls for his wife’s impeachment. She easily won reelection to a second term in 2011 with 54% of the popular vote, beating her nearest rival by 22%.

Cristina Kirchner’s presidency has been marked by controversy over policy and marred by persistent questions over the family’s personal finances, which reportedly have increased exponentially since they acceded to the presidency. Her attempt to dismiss the Central Bank president failed when he refused to step down and a judge annulled the decree. Kirchner used a 1983 truth-in-advertising law dating back to the days of military dictatorship to levy stiff fines on maverick economists for allegedly misleading consumers and deployed the national tax agency against some of her critics (tax evasion is common in Argentina).

Mass demonstrations in 2013-2014 attested to her unpopularity. For most Argentines, the presidential election scheduled for 2015 could not come too soon.

By all accounts, Cristina Kirchner mismanaged Argentina’s economy, running up big deficits year after year and borrowing heavily. The inflation rate soared from 28% in 2013 to more than 40% in 2014, and real wages were declining. Car sales dropped 35$ and spending at supermarkets fell by more than 4%. When consumers start cutting back on groceries, it’s a sure sign of hard times—an economy teetering on the brink of a deep recession. Another ominous sign: Argentina defaulted on its public debt in mid-2014. The Economist Intelligence Unit described Argentina as “a time bomb with multiple fuses.”

The problems facing Brazil and Argentina are fairly typical for the region as a whole. In Latin America, political reforms have often proven easier to implement than economic reforms. The reasons are many and varied, but the most intractable problems are rooted in a history of injustice and extreme inequality. The potential for social and political instability inherent in such conditions goes far to explaining the appeal of radical populist and socialist ideas, as evidenced in the rise to power of Hugo Chávez in Venezuela and Evo Morales in Bolivia, as well as the persistence of violent Marxist and Maoist insurgent groups, most notably in Colombia and Peru.

### Landmarks in History The Arrest of Leopoldo Galtieri

Following a military coup in 1976, Argentina’s junta (ruling clique) declared martial law and began the “dirty war” to restore order and eradicate opponents. No one will ever know how many people perished in this brutal campaign of repression, but the Argentine Commission for Human Rights charged the junta with 2,300 political murders, more than 10,000 political arrests, and the disappearance of 30,000 people.

Blanket amnesty laws protected the perpetrators of Argentina’s dirty war for many years. In July 2002, former junta leader Leopoldo Galtieri and forty-two other military officers were arrested and charged with the torture and execution of twenty-two leftist guerrillas during the country’s seven-year military dictatorship (1976–1983). In June 2005, the Supreme Court ruled the amnesty laws unconstitutional. The following year, numerous military and police officials went on trial. But it was too late to save the victims or to find any trace of the “disappeared.”

## Mexico

Mexico and the United States have been aptly called the “distant neighbors.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#SFJJNLBD4PHYLFF69972) The two countries are geographically close but only for residents of one region, namely, the Southwest border states (California, Arizona, New Mexico, and Texas), all of which were once part of Mexico.

In other ways, Mexico is a foreign country to North Americans, many of whom have never been to Mexico and most of whom don’t speak Spanish. No less important is the often troubled history of relations between the United States and Mexico, a history that includes war, annexation, and, of course, the legendary Alamo.

In more recent times, problems in bilateral relations have involved drug trafficking, gun-running, and illegal immigration. People north of the border often see Mexico as not only distant but also dangerous.

Historically, Mexico exemplifies a contradiction common throughout Latin America—a yearning for a “man on horseback” to lead a popular revolution coexisting with an authoritarian regime disguised as a republic. On paper, Mexico has been a liberal democracy since World War I. In reality, competitive elections in Mexico were a pipedream until the year 2000 when, after decades of one-party rule under the **Institutional Revolutionary Party (PRI)**, Mexican voters were given a real choice. The result was a first: opposition candidate Vicente Fox, representing the **National Action Party (PAN)**, won in a runoff election and the results were allowed to stand.

The **North American Free Trade Agreement (NAFTA)** boosted Mexico’s economic prospects in the 1990s, but internal market reforms had been half-hearted, at best, due to Mexico’s inefficient state-owned companies (for example, PEMEX, the oil monopoly), entrenched interests, and a corrupt bureaucracy fearful of losing its privileges. Membership in NAFTA gave Mexico easy access to U.S. markets, but it also gave the United States leverage to pressure the Mexican government into accelerating economic reforms.

President Fox came into office vowing to do just that. It would not be any easier in Mexico than elsewhere in Latin America, but Mexico had to agree if it wanted to compete as an equal NAFTA partner with the United States and Canada. The 2003 national elections produced no clear majority in Mexico’s federal legislature—for the third time in a row.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0012.html#NDVYX0URYTX6BHWWV290) President Fox’s efforts to reform Mexican government and economy were effectively blocked. In 2006, the PAN candidate, Felipe Calderón, was elected president in the closest Mexican election ever, with a 0.58% lead over a center-left opponent. His opponent, Andrés Manuel López Obrador, claimed fraud, calling for “pacific civil resistance,” but an electoral tribunal upheld the outcome.

Calderón pledged to fight crime and corruption. His campaign slogan, “Clean hands, firm hands,” struck the right chord, but changing a political culture is easier said than done. In office, Calderón placed a high priority on illegal immigration and security policy—especially the drug war and narco-terrorism (drug-related murders and kidnappings). His answer to rising world corn prices, the main food staple of Mexico’s poor, was the Tortilla Price Stabilization Act. Unfortunately, it did not work—at least not well enough to satisfy voters. Similarly, Calderón’s well-intended First Employment Program, aimed at creating new jobs for first-time new entrants into the labor force, was criticized for not going far enough.

Enrique Peña Nieto, leader of the Institutional Revolutionary Party (PRI) that ruled the country for seventy years until 2000, was elected president in July 2012. The PRI also won the most seats in Congress, but fell short of a clear majority. Peña pledged transparency in government; action to curb organized crime (drug-trafficking and drug-related violence against citizens); economic revitalization; and improved relations with the United States.

Too good to be true? If the past is any guide, Peña will be the latest in a long line of leaders who overpromised and underperformed. Mexico’s economy has recently rebounded, growing 2.5% in 2014 and expected to jump 4% in 2015. Other vital signs pointed to improving health—inflation was moderate and falling, as was the unemployment rate. Politically, Mexico has undertaken significant reforms, and democracy is no longer just a dream.

But drug-related violence—executions, kidnapping, and random murders—are all too common. In November 2014, the federal government disclosed a shocking crime. Drug traffickers murdered forty-three students who had disappeared from a teacher-training college in southern Mexico (Guerrero state) in late September. The police had kidnapped the victims on orders from the town’s mayor! Such an unspeakable crime points to a frightening fact: in Mexico, the rule of law has not taken firm root in the society, and police protection is at best sporadic, at worst nonexistent.

Official corruption, fiscal mismanagement, gross social inequality, and endemic poverty are problems by no means unique to Mexico. They are prevalent throughout Latin America—and not just Latin America. When people do not have good jobs or benefits or steady income, they lack the kind of security middle-class Americans north of the border tend to take for granted.

Without a circulation of wealth throughout the whole society, it is difficult, if not impossible, to complete the transition from a rural-based, slow-growth, inward-looking protectionist economy to a modern, urban, market-based, mass-consumption, export-oriented economy. The latter is where Latin America is headed, but for the region’s poor, it is taking too long to get there.

In sum, Latin America has made a turn toward political pluralism, but the social and economic transition is incomplete. In the year 2000, around 225 million people were considered poor (43.9% of the total population), according to the Economic Commission for Latin American and the Caribbean (ECLAC); by 2012 that number had fallen to 167 million (28.9%)—the lowest in three decades. For millions of Latin Americans, the promise of a better life is no longer an empty one.

# Summary

With the demise of the Soviet Union in 1991, Communist rule ended nearly everywhere in the world. Nonetheless, a few exceptions remain, including China, Cuba, and North Korea. The collapse of Communism brought the problems of transition in the former Soviet-bloc states to the fore. Other countries launched major political and economic reforms in the 1990s, including South Korea and Taiwan in Asia and Argentina, Brazil, and Chile in Latin America.

The Soviet political system was an outgrowth of the Stalinist totalitarian model. In trying to reform and restructure this system, Mikhail Gorbachev followed in the footsteps of an earlier Soviet leader, Nikita Khrushchev. In the Soviet system, the Communist Party ruled, and a person’s ranking in the party was the best indication of that individual’s political power. When Gorbachev rose to the top post in the Communist Party in 1985, he faced both acute economic problems and associated social problems, each related to the failure of central planning.

Gorbachev’s reforms proved inadequate to save the former Soviet Union. His successor, Boris Yeltsin, failed to guide Russia through a smooth transition. Then his successor, Vladimir Putin, inherited a mess—economic dislocations, ethnic fragmentation, and poorly established state institutions. Putin turned out to be a decisive leader who was twice elected by large majorities but has ruled as a traditional strong Russian boss.

China instituted major free-market reforms and downplayed much of its communist ideology after Mao’s death, but remains a country headed by a single party that tolerates no political or religious dissent. As China modernizes its armed forces and attempts to become a world power, it faces increasing social problems as well as economic and border tensions among its provinces.

India, South Korea, and Taiwan are three other examples of Asian societies in transition. All three countries made the transition to market-based (though semi-protectionist) economies first, but have more recently instituted meaningful political reforms.

The transition process in Latin America is the reverse of the pattern found in Asia. Argentina, Brazil, Chile, and Mexico are four key countries in the region. In three of the four, political reforms came before economic reforms (Chile is the exception). In Venezuela and Bolivia, market reforms have taken a back seat to social reforms—a reversal of what has happened elsewhere in the region and the world. The extremely unequal distribution of wealth and official corruption remain obstacles to progress.

**Chapter 9. Development: Myths and Realities**

**Learning Objectives**

* **1**Explain the concept of development in the study of politics and economics.
* **2**Discuss the challenges involved in building a new nation-state.
* **3**Compare and evaluate India and Nigeria as models of economic development.
* **4**Identify and elaborate on five obstacles to development.
* **5**Choose one failed state, describe how it failed, and analyze the failure.
* **6**Explain why failed states pose problems for regional stability and world order.

This chapter focuses on the problems arising in the context of too little development too late, rather than too much too soon. We use the term **least developed countries (LDCs)**, a term adopted by the United Nations, instead of “developing countries” (see Table 9.1). LDCs encompass the poorest of the poor.

The World’s Least Developed Countries[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#PXPYY5UCGS6YEW2LU613)

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| --- |
| **Africa (33)** |
| 1 | Angola |
| 2 | Benin |
| 3 | Burkina Faso |
| 4 | Burundi |
| 5 | Central African Republic |
| 6 | Chad |
| 7 | Comoros |
| 8 | Democratic Republic of the Congo |
| 9 | Djibouti |
| 10 | Equatorial Guinea |
| 11 | Eritrea |
| 12 | Ethiopia |
| 13 | Gambia |
| 14 | Guinea |
| 15 | Guinea-Bissau |
| 16 | Lesotho |
| 17 | Liberia |
| 18 | Madagascar |
| 19 | Malawi |
| 20 | Mali |
| 21 | Mauritania |
| 22 | Mozambique |
| 23 | Niger |
| 24 | Rwanda |
| 25 | São Tomé and Príncipe |
| 26 | Senegal |
| 27 | Sierra Leone |
| 28 | Somalia |
| 29 | Sudan |
| 30 | Togo |
| 31 | Uganda |
| 32 | United Republic of Tanzania |
| 33 | Zambia |
| **Asia and Pacific (15)** |
| 1 | Afghanistan |
| 2 | Bangladesh |
| 3 | Bhutan |
| 4 | Cambodia  |
| 5 | Kiribati |
| 6 | Lao People’s Democratic Republic |
| 7 | Myanmar |
| 8 | Nepal |
| 9 | Samoa |
| 10 | Solomon Islands |
| 11 | Timor-Leste  |
| 12 | Tuvalu |
| 13 | Vanuatu |
| 14 | Yemen |
| 15 | Maldives |
| **Latin America and the Caribbean (1)** |
| 1 | Haiti |

SOURCE: United Nations Office of the High Representative for the Least Developed Countries. <http://www.unohrlls.org/en/home/>.

During the second half of the last century, the West lumped Africa, Asia, and Latin America together into what was commonly called the Third World. In this narrative, the First World was epitomized by the United States, Western Europe and Japan, plus Canada, Australia, and New Zealand—rich countries with stable societies and well-established democratic political institutions. The citizens of these fortunate states were free to criticize the government. The communist states—Soviet Russia and Eastern Europe—comprised the Second World. All the rest were known as the Third World, collectively referred to as “underdeveloped” or “less developed” countries.

Today it is considered politically incorrect to use such pejorative terms. Indeed, the term “developing countries” is rarely used to describe the former colonies. Many of these countries now have diversified economies, meaning they are no longer simply agrarian or nomadic but have industries and service sectors as well. Indeed, major companies in the United States and Europe outsource manufacturing and services to China, India, Malaysia, and Indonesia where labor costs (wages) are low.

In fact, all countries are developing, no matter how rich or how poor. Indeed, if some countries are not developed enough to sustain themselves, other countries are, arguably, not sustainable for the opposite reason: development driven by the latest advances in science and technology has given rise to major new problems and huge challenges (carbon pollution, climate change, pandemics, water wars, nuclear accidents, etc.).

By definition, LDCs display all or most of the following features: endemic poverty; ethnic, religious, or tribal conflict; widespread illiteracy; political turmoil; and glaring inequalities. Although the picture is changing in much of Asia and, to a lesser extent, in Latin America, many sub-Saharan African nations continue to face great obstacles on the path to full political, economic, and social development.

In the worst cases, the economy goes into a tailspin, the government collapses, societies erupt, and entire populations are plunged into anarchy. In the 1990s, this chilling possibility became a reality in places like the former Yugoslavia, Rwanda, Sierra Leone, and the Côte d’Ivoire (Ivory Coast); more recently, forces of anarchy have ravaged societies in the Middle East, Central Asia, and West Africa.

In the upheavals of 2011-2012 known as the “Arab Spring,” rulers in Egypt and Tunisia were overthrown following bloody confrontations between demonstrators and security forces. In Libya, where civil war broke out, Dictator Muammar Gadaffi fled, but rebels captured and killed him. A full-scale civil war in Syria dragged on through 2012 and into 2015 with no end in sight.

In 2014, a jihadist group called the Islamic State of Iraq and Syria (ISIS) cut wide swathes of death and destruction across a vast territory, gaining control of towns and cities in northern Iraq and eastern Syria, engaging in violent clashes with Kurdish fighters, threatening Baghdad, and prompting President Obama to redeploy U.S. military forces there. In December 2014, thirteen people were killed when U.S. Special Forces attempted to rescue hostages in Yemen—among the dead were a woman, a ten-year-old boy, an American journalist, and a local al Qaeda leader.

West Africa has been in crisis for more than two decades. Insurgencies, atrocities, kidnappings, “child soldiers”—these horrors were the stuff of daily life in this all-but-forgotten corner of sub-Saharan Africa during the 1990s. Although troubles persisted into the 2000s, a modicum of stability and peace was restored. But in 2012, a new crisis boiled over when jihadist insurgent groups in northern Mali seized the country’s largest city, Gao, and the fabled town of Timbuktu.

The background to the crisis in Mali involved a military coup d’etat in 2012 that overthrew an elected president and scrapped the country’s constitution. France sent troops to help Mali’s army put down the Islamist rebellion in 2013.

Given the endemic instability in the region, there was a danger that the conflict would spill over to neighboring states. Across the border in Algeria, jihadists attacked a BP gas facility and seized hostages. A shootout with Algerian security forces left some sixty-nine people dead, including thirty-nine foreigners and an Algerian, presumed to be hostages.

Pakistan, a big country (population: 170 million) located in one of the most volatile regions of the world, perennially teeters on the edge of open rebellion. Pakistan’s per capita GDP is lower than India’s and roughly one-tenth that of New Zealand or South Korea.

With few exceptions, endemic poverty is the root cause of the worst problems facing most of the least developed countries—some three billion people, almost half the world’s population, live on less than $2.50 a day (see **Figure 9.1**). According to the World Bank, the poorest 40% of the world population account for 5% of global income; the richest 5% account for 75%. Over one-fourth of the children in LDCs are stunted or underweight due to chronic malnutrition; about two-thirds live in South Asia or sub-Saharan Africa—two of the most conflict-ridden regions on the planet.

Percent of People in the World at Different Poverty Levels, 2005. How many people in the world are poor? The answer depends on who is counting and how national governments and international organizations define poverty. At $1.00 a day, “only” about 880 million people were poor in 2005; but if we draw the poverty line at $2.00, that number climbs to 2.6 billion.

The 1990 poverty rate was cut in half in 2010—five years ahead of the UN goal—but the number of people still living in extreme poverty remains “unacceptably high.” In 2011, 17% of people in the developing world lived at or below $1.25 a day (down from 43% in 1990 and more than 50% in 1981); and just over one billion people lived on less than $1.25 a day (compared with 1.91 billion in 1990).

According to the World Bank, even at the current rate of progress, “some 1 billion people will still live in extreme poverty in 2015—and progress has been slower at higher poverty lines. In all, 2.2 billion people lived on less than U.S. $2 a day in 2011, the average poverty line in developing countries [indicative of deep deprivation and] only a slight decline from 2.59 billion in 1981.”

Nearly one billion people entered the twenty-first century unable to read or write, but the correlation between poverty and illiteracy is just part of the story. In the least developed countries, unemployment is the norm and only the most fortunate few have access to a health clinic or doctor. Preventive health care is also beyond reach. The lack of mosquito nets is a major reason there are half a billion new cases of malaria and as many as two million deaths, mostly children, in the LDCs each year. Add an estimated 50–100 million cases of dengue fever and approximately 25,000 deaths annually, and the magnitude of the problem of poverty becomes all too apparent.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#EDFYWENWD920CZ7S9687) One of the biggest stories in 2014 involved the Ebola epidemic. First discovered in 1976, the Ebola virus is fatal in half the cases, and there are no licensed vaccines. The West African countries of Guinea, Liberia, and Sierra Leone were the most severely affected in the latest outbreak. All suffer from a lack of doctors and nurses, medical facilities and supplies, and public health infrastructure. Although the disease is not highly contagious and can only be transmitted through direct person-to-person contact, ill-informed and irresponsible headline news stories gave rise to a scare bordering on hysteria for a time in the United States.

Poverty, malnutrition, illiteracy, tribal and ethnic rivalries, official corruption, and violence against women are among the many problems we often associate with the regions formerly known as the Third World. What we often forget is that these problems are related to the bitter legacy of colonialism, and they continue to be exacerbated by the fact that many of the world’s poor countries contain resources that the world’s rich countries desire—a mixed blessing, to be sure, as the turmoil in the conflict-ridden Middle East attests.

World poverty amidst Western affluence raises serious moral issues. In this chapter, we focus on two basic questions. First, what are the causes of poverty and instability in least developed countries? Second, is a world divided between rich (“us”) and poor (“them”) sustainable? A closer look at the obstacles to progress and good government in these countries will shed light on the extreme challenges they face.

# Development as Ideology

During the Cold War, the Third World was also called the South, which highlighted the great disparities between the industrially developed states in temperate climates above the equator (North), and the former colonies in the tropical and semitropical zones below it (South). According to a view known as **neocolonialism**, the rich nations of the North continued to exploit the poor nations of the South even after the latter gained independence in the post-World War II period. This view both reflected and fed into notions about the existence of an ill-defined **North-South conflict**.

Several Third World countries promulgated the idea of a Manichean struggle between the rich (north) and the poor (south) in the 1950s and 1960s. Ghana’s Kwame Nkrumah published a book in 1956 entitled Neo-Colonialism, The Last Stage of Imperialism. “Faced with the militant peoples of the ex-colonial territories in Asia, Africa, the Caribbean and Latin America,” Nkrumah wrote, “imperialism simply switches tactics.” Nkrumah called for solidarity among the former colonial peoples, railing against the “extended tentacles of Wall Street” and Washington (in particular, the Pentagon and the CIA) as the “very citadel of neo-colonialism.”

However, all such attempts to bring about solidarity among the LDCs were doomed to fail. As memories of colonial rule fade, the anti-imperialist rhetoric that resonated throughout much of Africa, Asia, and Latin America has lost its relevance. More than half a century after independence, blaming the old overlords for new problems no longer rings true. Official corruption and mismanagement are widespread and well-known facts. Even more telling is the fact that some former colonies are racing ahead and others are sliding into the abyss.

The West countered neocolonialist ideology with its own capitalist ideology, extolling the virtues of freedom, democracy, and commerce. The fact that capitalism grew out of the Western experience and was tainted by its close association with colonialism made it a hard sell in the Third World. But strategic grants of foreign aid and trade concessions, and the implicit or explicit threat to intervene militarily, provided the West with a good deal of leverage nonetheless.

# The Idea of Development

What exactly does development mean in a global economy undergoing such rapid change? For better or worse, the definition is based on the Western experience and the yardstick in common use is a Western measure of economic and political success. That doesn’t make it good or bad, right or wrong, but it does raise questions about its applicability and acceptability outside the West.

In the least developed countries, the vast majority still do not enjoy access to education, jobs, health care, or the other good things in life that are the hallmarks of modernity in the West. Moreover, few LDCs have governments that are accountable, stable, and clean (as opposed to corrupt). Although some of these countries have made great strides while others continue to languish, even the most successful continue to have massive poverty and unemployment rates.

When we in the West say a country is “developing,” we are usually thinking of a LDC, and what we mean is that it is not yet truly modern—that is, resembling the Westernized world. Westerners tend to assume that as, or if, these countries develop, they will look increasingly like us—urbanized, secularized, materialistic, and technology-dependent—and will want what we want.

LDCs come in all shapes and sizes. Some are huge—Brazil has a territory of three million square miles (larger than the continental United States) and a population of over 200 million; India’s territory of one million square miles supports a population of 1.2 billion. Others are tiny—the Pacific island of Nauru, for example, has 8,000 people living on eight square miles of land.

Nauru is small but not poor, thanks to a brisk trade in phosphate exports. Most of the poorest countries depend primarily on agriculture. LDCs are often dependent on a single commodity or raw material for export, but a few, such as the oil-rich states of the Persian Gulf—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates—rely largely on a single natural resource, as does Russia, a country much poorer than Saudi Arabia and the others, who are anything but poor.

The world’s poorest countries generally have the highest population growth rates; the richest often have the lowest. The world’s population, surpassing 7.3 billion in 2015, has more than doubled since 1969. As **Figure 9.2** and Figure 9.3 show, population growth rates have been steadily declining since the 1960s, but the world’s total population continues to climb and is projected to reach nine billion by 2050.

Population pressure places onerous burdens on economic, social, and political structures in many poor countries, but comparisons can be misleading and often yield surprises. The Gaza Strip—one of the most wretched places on earth—has one of the fastest growing populations in the world. Arab and sub-Saharan countries generally have higher birthrates than Asian or Latin American nations. Asia is by far the most densely populated part of the globe. China and India alone account for roughly 37% of the world’s total population. Asia as a whole is home to almost three-fifths of the people but has only about 18% of the landmass.

Apart from Asia, however, population density in least developed countries is relatively low. Africa’s average population density is only 24 per square kilometer, as opposed to India’s 296, the United Kingdom’s 646, Japan’s 880, and Singapore’s 5,571. Africa has more arable land per capita than any other so-called developing region.

Why are so many of the least developed countries in the world located in sub-Saharan Africa? There is no simple answer, but no doubt the legacy of colonialism—enslavement, foreign intrusions, cultural genocide, and shameless exploitation—plays a major role.

# The Legacy of Colonialism

Only twenty-three countries among the current United Nations membership were independent in 1800. More than half of these states were in Europe, with Afghanistan, China, Ethiopia, Japan, Iran, Nepal, Oman, Russia, Thailand, Turkey, and the United States rounding out the list.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#MRRN8Z9AJ1852TQQK597) Since then, the number of independent states has risen to more than 190. World War II (1939–1945) was a watershed because it led to the rapid deconstruction of the European colonial empires (see “Landmarks in History”). Most of the countries existing today came into being during this recent period, and all but a few were least developed countries. Also, the breakup of the Soviet Union led to the creation of some twenty-five new independent states in Eastern Europe, Transcaucasia, and Central Asia by 1994.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#SDKC62GTJB4V74X5M395)

For centuries, the great powers of Europe competed for colonial holdings, ruling and administering over weaker and technologically less-advanced peoples and territories located in faraway places around the globe. These colonial empires were a source of great prestige and wealth. In the nineteenth century, European powers scrambled to colonize Africa. At the beginning of the twentieth century, Britain, France, Belgium, Germany, Portugal, Holland, Italy, Spain, and Turkey all possessed overseas colonial empires (see Figure 9.4). This European intrusion—which came to be known as **colonialism** or **imperialism**—became synonymous with subjugation and exploitation in the minds of the indigenous peoples.

Colonialism did include Europeans dominating native peoples, and it was based on implicit or explicit notions of racial superiority or religious zeal (or both). However, there were great differences in the methods and means employed by the colonial powers. For instance, the British approach was far milder than Spanish colonial rule, which was notorious for its rapacity and cruelty. The Portuguese and French tried to assimilate colonized peoples. France even granted Algerians seats in the national legislature and positions in the national cabinets. The Dutch in Indonesia allowed native rulers to remain in power. Great Britain pursued both strategies, relying on local authorities to maintain law and order and allowing natives to pursue careers in public administration, attend British schools and universities, and enter the professions.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#ETUGN73GFRPEU9CWV657)

Nonetheless, the idea of being governed by a distant country was repugnant to most colonial peoples. In many cases, independence and violence went hand in hand. In India, however, Mahatma Gandhi led a nationwide mass campaign of **nonviolent resistance** (satyagraha), a strategy later adopted by Martin Luther King Jr. in the United States. (Ironically, both Gandhi and King were assassinated.)

Colonialism’s legacy remains controversial. Any advances in health (hospitals), education (schools), and transportation (roads) generally came at a high price for the native peoples—including disruption of traditional ways of life and epidemics caused by the introduction of European germs into populations with no resistance.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#NZNTVGVT25DZW1GYQ243)

### Landmarks in History The Age of Imperialism

A new wave of European colonial expansion occurred in the second half of the nineteenth century, sometimes called the Age of Imperialism. Earlier in that century, popular revolutions in the Americas against England, Spain, and Portugal had led to disillusionment with empires and colonies. Industrialization diverted attention from external expansion in favor of internal development, and the new emphasis on free trade removed much of the rationale for global empire building. British Prime Minister Benjamin Disraeli expressed the tenor of the times in 1852. “These wretched colonies,” he said, “will all be independent too in a few years and are a millstone around our necks.”

But as industry grew, Europe’s economic and political leaders began to seek new sources of raw materials and new markets for their products. After 1870, free trade gave way to protectionist policies, and soon a race for new colonies began. Various theories defending colonial expansion were expounded. Alfred T. Mahan’s geopolitical concepts were used to “prove” great powers could not survive without overseas possessions. Charles Darwin’s concept of the survival of the fittest was used to “prove” colonialism was in accordance with the inexorable laws of nature. Rudyard Kipling wrote about the “white man’s burden” of spreading civilization to a benighted world. Even U.S. President William McKinley claimed God had spoken to him on the eve of the Spanish-American War (1898), commissioning the United States to take the Philippines and Christianize “our brown brothers.”

By the end of the nineteenth century, all of Asia and Africa had been colonized. Even China had lost its sovereign status: It was subjugated through a series of treaties that gave various European powers special rights and prerogatives. Africa in 1914 was under the colonial sway of no fewer than seven European nations—Belgium, France, Germany, Great Britain, Italy, Portugal, and Spain. In fact, only two independent nations remained—Ethiopia and Liberia.

The extent to which Western countries continued to exploit former colonies after independence is debatable. Today, trade issues top the political agenda in relations between the rich and poor countries. Although agriculture constitutes only 8% of the world’s total merchandise trade, exports of food and fiber so vital to the LDCs are among the hardest hit by protectionist policies of rich countries.

The consequences of colonialism are still with us. Colonial empires were created without regard to preexisting ethnic identities, territorial boundaries, and the like. When the European powers withdrew, they typically created artificial new states by stitching together a crazy quilt of incompatible peoples and cultures. (Iraq, Sudan, and Nigeria are three prime examples.) Chronic political instability, coups, revolutions, civil wars, and even genocide—these are the bitter fruits of colonialism. Simply listing some of the least developed countries that have been wracked by conflict in recent years proves the point: Afghanistan, Angola, Burma, Burundi, Cambodia, Chad, the Democratic Republic of the Congo (formerly Zaire), Côte d’Ivoire, Ethiopia, Iraq, Liberia, Nigeria, Pakistan, Rwanda, Sierra Leone, Somalia, Sudan, and Sri Lanka.

The fragility of these societies has led to dire warnings about the “coming anarchy” in Africa and elsewhere.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#KBRP5Z6T4MVS5YCJM676) Raising the specter of anarchy is perhaps overly pessimistic, but Somalia has experienced a calamitous breakdown in civil order in recent times, as have Sudan, the Congo (DRC), and Syria.

# Nation-State Newbies: Four Challenges

Building a new nation-state is an exercise in **political development**. Rich countries often display certain common traits: a stable government, a merit-based civil service system, basic public services (police and fire protection, education, health, and sanitation), and legal structures (law codes and courts). All these traits are typically lacking in poor countries. Imagine growing up in a society where not only schools but also drinking water and basic sanitation do not exist. How can people who have no money, no police protection, and who cannot read or write lift themselves out of poverty or demand decent government?

The development process can be—and often is—destabilizing. It is therefore no great surprise that governments in least developed countries are often authoritarian, prone to coups, and beset by crises. Poor countries typically face four fundamental developmental challenges:

* nation building,
* (2)

state building,

* (3)

participation, and

* (4)

distribution.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#NCMX9ZALDC5XLKUY7542)

The first and most basic challenge is **nation building**—the process of forming a common identity based on the notion of belonging to a political community separate and distinct from all others. Often the concept of “nation” is based on common ethno-linguistic roots. The countless conflicts in Africa and Asia in the post–World War II era testify to the extreme difficulty (if not impossibility) of artificially building something as natural as a nation within a territory containing multiple ethnic and religious communities. The lessons of recent U.S. attempts at nation building in Iraq and Afghanistan also point to the conclusion that it cannot be done from the outside by outsiders.

Having a *charismatic* leader present at the creation is a key variable in the initial nation-building stage (try to imagine the founding of the United States without George Washington). Notable examples include Egypt’s Gamal Abdel Nasser (who ruled from 1954 to 1970), Kenya’s Jomo Kenyatta (1964–1978), India’s Jawaharlal Nehru (1947–1964), Indonesia’s Sukarno (1945–1967), and Libya’s Muammar el-Qaddafi (1969–2011). Flags and celebrations also help instill a sense of national identity, and threats from a neighboring state—real, imagined, or manufactured—can galvanize unity, at least until the perceived danger subsides.

The second challenge, **state building**, is the creation of political institutions—in particular, a central government—capable of exercising authority and providing services throughout the length and breadth of society. A functioning state bureaucracy promotes economic development and social unity by such mundane means as creating the infrastructure (roads, bridges, telephone lines) necessary for an integrated national economy. To achieve this essential result, the government must be capable of levying and collecting taxes. But in countries with traditional economies based on subsistence agriculture, there is often little or nothing to tax, which leads to a vicious cycle that can only be broken with infusions of foreign capital (trade, aid, and investment).

But foreign investment (an external variable) depends on political stability (an internal variable). It turns out that in the least developed countries, there are all sorts of vicious cycles.

A third challenge facing the LDCs is participation. For new societies to prosper and grow economically, the people must be actively engaged in the development process. This kind of mobilization gives rise to a political dilemma: As people become more actively involved and feel the effects of government (good and bad), they begin to demand a greater voice in determining who governs and how. But what if rising expectations strain the capacity of the state to respond? Hence, the challenge of participation is how to harness popular energies without setting in motion the forces of political disintegration or revolution.

The fourth and final challenge is distribution to reduce the extreme inequality that often characterizes **traditional societies**. Extremes of wealth and poverty can easily lead to a pervasive sense of injustice and, in turn, to mass revolt (see Chapter 14), as Marxism’s popular appeal in the Third World during the Cold War demonstrated. In some cases, attempts have been made to address the challenge of distribution through land reform, but often only half-heartedly. Readjusting tax burdens and instituting income redistribution are two other obvious approaches to this problem, but the cost of Western-style social welfare programs is prohibitive for least developed countries.

Problems arising from the unequal distribution of wealth are now also arising in some of the world’s most advanced economies. The United States, where the extreme concentration of wealth now resembles Argentina and other Latin American countries, is a prime example.

# The Strategy of Development

As we have seen, political development and popular participation often go hand in hand. But not all forms of popular participation are bottom-up (democratic); some are top-down (coercive). The latter are associated with authoritarian or totalitarian regimes. Democratic states are, by definition, limited in what they can do by constitutions, laws, and public opinion. For this reason, democracy and development often do not easily coexist, and dictatorships have been (and still are) all too common in the LDCs.

To say that democracy is a sign of development is true, but it begs the question: what explains development? In fact, democracy is a sign of wealth. Not all democracies are rich (although most are), nor are all rich nations democratic (although, again, most are). But there are precious few examples of democracy and poverty coexisting for very long.

## Democracy and Development

Why does democracy work in many rich countries but not in most poor countries? One way to approach this question is to look for factors most democracies have in common—in other words **democratic correlates**. In theory, where these correlates exist in the greatest number and measure, the probability of democracy is greatest; conversely, where they are largely absent, democracy has the smallest chance of succeeding.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#NZUD81V5WNN7PA1HB479) But in the real world, theory and practice often diverge.

Economic correlates include:

* National Wealth. Prosperity and democracy are often found in the same place, as are poverty and autocracy, but not always. India, for example, has been democratic since independence, despite being poor and extremely diverse, whereas oil-rich Saudi Arabia is autocratic.
* A Market Economy. Market economies generally favor private enterprise over state ownership of the means of production. Competition rewards efficiency and innovation. Supply and demand drive decisions about what to produce and how. Self-interest and the need for self-reliance encourage savings and investment.
* A Middle Class. A sharp class division with no buffer between rich and poor is not conducive to a sustainable democracy. Sooner or later, the many will strike back against the few—either rising up in open rebellion or simply slacking off on the job, placing either the state or the economy—or both—in grave jeopardy.
* The Internet. Access to the latest knowledge and information is vital to economic success; in the age of globalization, access to the Internet is essential.

There are also certain political, cultural, historical, and geographic correlates of democracy. Political correlates include civilian control over the military, a strong independent judiciary, and the existence of a differentiated civil society (civic clubs, trade unions, business organizations, and the like).[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#RMPJ7MJCYJ2SXPB6Y334) Cultural correlates, such as tolerance of diversity, respect for the rule of law, and belief in democracy are also important. Obviously, the greater the distribution of wealth and education in a given society, the more likely that the seeds of democracy will spread.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html%22%20%5Cl%20%22DSSZQ9TK3HP09H3JJ467) But that doesn’t solve the problem for the LDCs that, by definition, lack the resources to build schools or the wealth to spread around.

## Development and Democracy

What comes first: democracy or development? The stunning success of China in reducing poverty provides dramatic proof that development without democracy is possible. Indeed, civil rights are hardly a top priority for people who are starving, sick, or homeless.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#VWBYHMT5KZQSRWRHM363) A vibrant economy is more likely to have an immediate impact on the quality of life, social services, infrastructure, and educational opportunity than, say, free elections.

The reforms necessary to spur economic development inevitably have spillover effects on society and the political system. Thus, privatization and foreign investment give rise to a nascent middle class. To be competitive, it is necessary to cultivate a professional class with the same type of educational opportunities and financial rewards. To gain access to foreign markets, least developed countries face pressures to open up their own markets. Western products and services—from music to fashion—give rise to individualism, materialism, and a desire for freedom of expression, especially among the youth. In these and countless other ways, market-oriented economic reforms impart a bias toward democratization. Where such reforms bring new hope and prosperity, they help ensure that if and when democracy finally arrives, it does so without plunging society into a state of anarchy.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#KNDS47GKV029ET094473)

## Sub-Saharan Africa: Neither Democracy nor Development?

Between 1974 and 1990, more than thirty countries in southern Europe, Latin America, East Asia, and Eastern Europe replaced authoritarian with democratic governments. One noted observer wrote that it was “probably the most important political trend in the late twentieth century.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#WLLUZ09B03C9JFBMK216) Everywhere, that is, except Africa.

Then in the early 1990s, a democracy wave rolled across sub-Saharan Africa, and at least nine countries—including Benin, Cape Verde, and Gabon in West Africa—held free elections, in most cases for the first time ever.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#SMNK8WU4SFH64SBE3589) It was South Africa that witnessed the most stunning changes, however, as black majority rule supplanted apartheid (white-supremacist rule). Democratic reforms were changing the face of politics in Benin, Botswana, Guinea-Bissau, Madagascar, Mali, Namibia, and Sao Tome as well during this time.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#TQUDXXUE4F3AJU9S6894)

Elsewhere in Africa, however, things fell apart. In 1993, Nigeria’s military rulers rescinded election results that displeased them. Côte d’Ivoire’s government did the same. Elections in Kenya, the Cameroon, and Gabon were marred by irregularities and corruption. Rwanda was the scene of genocidal violence in 1994. In 1996, military governments in Chad, Gambia, and Niger rigged national elections to achieve the outcomes they desired. During the 1990s, Somalia sank deeper into chaos and anarchy. Bloody civil wars wrought havoc in Liberia and Sierra Leone, and the conflict in the Democratic Republic of the Congo (formerly Zaire) was accompanied by unspeakable atrocities. More than a decade later, the Congo is still a war zone. Thus, despite democratic gains, clan or tribal tensions destabilized much of sub-Saharan Africa in the 1990s.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#FCZDV9MRCCT2CEFPJ343)

# Nigeria vs. India: Two Case Studies, One Riddle

Nigeria is a giant with few equals on the African continent, but India dwarfs Nigeria in nearly every category. The world’s tenth largest oil exporter, Nigeria is resource rich; India, the world’s seventh largest oil importer, is not. Nigeria’s natural wealth to population ratio is favorable to successful nation-state building; India, with well over a billion people, is not so fortunate.

And yet India has had a long run as a parliamentary democracy, interrupted only once (in 1975) by then Prime Minister Indira Gandhi who declared a state of emergency amid escalating riots. She allowed free elections in 1977 and was voted out of office. Nigeria, on the other hand, was under military rule during most of its post-independence history. When the military finally relaxed its chokehold on the government in 1999, it ushered in a decade of turmoil and misery.

Today, India is not only more democratic than Nigeria, but it is also achieving more rapid and diversified development. Why? Let’s take a closer look at these two countries in search of clues to solving this riddle.

## Nigeria: A Poor Oil-Rich Country

A large country in West Africa, Nigeria includes several distinct ethnic groups that predominate in different parts of the country, has many smaller tribes, and several hundred distinct languages are spoken.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#ELWQKQUK61RUNSARA050) Potentially one of sub-Saharan Africa’s great powers, Nigeria endured inept military rule for much of its brief history as an independent state. Although the country accounts for only 3% of Africa’s landmass, its population (estimated at178 million in 2014) makes up some 20% of sub-Saharan Africa’s total.

Nigeria is not a natural nation-state. Originally a British colony, it was drawn up for the administrative convenience of its colonial rulers who were only dimly aware of the ethnographic map of Africa at the time. Within its borders are peoples divided by region, religion, ethnicity, language, and culture. Nigeria’s astonishing diversity also makes it a breeding ground for social conflict. The country is also divided along religious lines: Muslims dominate in the north and Christians in the south.

Tensions simmer between Christians and Muslims. Regional animosities, exacerbated by religious, ethnic, and linguistic differences, erupted in a bloody civil war in 1967, when eastern Nigeria seceded as the independent state of Biafra. The war, which lasted about three years and ended in defeat for the rebels, claimed at least 600,000 lives.

After 1967, corrupt and incompetent military regimes ruled Nigeria. Despite huge state-owned oil reserves that produced a steady flow of export revenues, the nation’s economy sank into a deepening morass with the vast majority of the population living in abject poverty.

In the 1990s, Nigeria’s economy stagnated, growing by less than a half percent per year while corruption reached new heights. A 1996 U.N. fact-finding mission did not mince words: Nigeria’s “problems of human rights are terrible, and the political problems are terrifying.” A succession of military dictators and ruling cliques enriched themselves shamelessly while neglecting the country’s economic and social needs. According to Transparency International, a research institute based in Berlin, Nigeria had the most corrupt government in the world in the mid-1990s.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#MYZPK5WV94QV0RBJC444)

By this time, bribery and extortion had become a way of life in Nigeria, where the system of “patronage” (with the military rulers bestowing government jobs and other favors on supporters of the regime) produced a bloated, inefficient, irresponsible, and unresponsive bureaucracy that absorbed more than 80% of the annual budget. Even today, it is not unusual to find petty civil servants sleeping at their desks or asking visitors for cash. Higher-level officials routinely inflate the contracts for everything the state procures and embezzle untold sums of money.

The average per capita income in oil-rich Nigeria (about $2,700 at purchasing power parity in 2013) is only about half that of India, which has a population more than six times larger. High world oil prices have boosted Nigeria’s oil-dependent economy in recent years, but most Nigerians have experienced few benefits.

There is no good reason for Nigeria or Nigerians to be poor. In 2014, Nigeria’s GDP (estimated at $509 billion) overtook South Africa’s to become the largest national economy in sub-Saharan Africa. Nigeria is a major oil producer, but its petrodollar bounty has not been invested in infrastructure, public works projects, or job-creating private business enterprise. In addition to suffering atrocious macroeconomic mismanagement, the country has been plagued by tribal and ethnic rivalries.

The complexity and diversity of Nigerian society partially explains the failure of two previous experiments with democracy and elected civilian government (in 1960–1966 and 1979–1983). Nigeria’s military rulers repeatedly promised free elections, but these promises were not kept. When elections were held in 1993, the results displeased the generals, who nullified the election, imprisoned the winner, and charged him with treason. Thereafter, many other critics of the military regime were also imprisoned and persecuted; some were even executed.

In 1999, a former military leader, Olusegun Obasanjo, became Nigeria’s first democratically elected president since 1983. Obasanjo was a rarity in Nigeria—a public figure with a military background and a reputation for personal integrity. His promise to root out corruption, however, was wishful thinking. Here is how one New York Times reporter described the situation at the end of 2005:

Corruption touches virtually every aspect of Nigerian life, from the millions of sham e-mail messages sent each year by people claiming to be Nigerian officials seeking help with transferring large sums of money out of the country, to the police officers who routinely set up roadblocks, sometimes every few hundred yards, to extract bribes of 20 naira, about 15 cents, from drivers.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#BFQM23GDPRN3DD8QU130)

Corrupt military regimes ran the country almost continuously from 1967 to 1999. The generals would promise—and occasionally stage—a national election, but it would turn out to be a sham (as in 1993). Mounting international pressure no doubt played a large role in compelling Nigeria’s military rulers to allow free elections in 1999 and to permit the results—the election of the first popular presidential candidate in nearly twenty years—to stand.

But corruption did not end with the return of civilian government, and a decade later the morally debasing effects of easy money from a grossly mismanaged oil industry with few links to the national economy were still apparent everywhere. For a time Nigeria—a major oil producer—was actually importing gasoline. Although the country has extensive fossil fuel resources, crooked officials who control the state-monopoly oil company have used it as a cash cow for personal enrichment rather than a resource for national economic development.

Hopes for a new beginning in Nigeria were dashed in 2007 by widespread reports of fraud in local and parliamentary elections and a sham election for president. What some called “gangster politics” eclipsed outgoing Obasanjo’s attempted reforms.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#TZRYYL8Z0NKYEUPBY913) When Umaru Yar’Adua succeeded Obasanjo as president in 2007, he inherited an improved economy but not a particularly healthy one. Nearly halfway through his first term, nothing was yet being done about the country’s inadequate infrastructure, nationwide electricity cuts were still a common occurrence, and continuing attacks by militants in the oil-rich Delta region were severely disrupting oil production, which provides 95% of Nigeria’s export revenues. Meanwhile, all but a few Nigerians continued to languish in poverty—and frequently darkness as well.

Yar’Adua died in office after an extended illness that left him incapacitated and the government in limbo. Vice-president Goodluck Jonathan (yes, that’s his real name) formally succeeded Yar’Adua as president in May 2010, pledging to fight endemic corruption, clean up the electoral process, and fix the electricity grid. As a member of the Ijaw, an ethnic group native to the Niger delta where rebels have engaged in a prolonged and bloody battle for a bigger share of the oil income that makes up 80% of the central government’s revenues, Jonathan is perhaps Nigeria’s best hope of ending this bitter dispute.

Jonathan won the presidential election in 2011, a mixed blessing for any Nigerian civilian leader intent upon improving the life of the long-suffering Nigerian people. Four years later, in late March 2015, General Muhammadu Buhari defeated Goodluck Jonathan in a lopsided vote. It was the first time in Nigerian history that an incumbent president was defeated. General Buhari vowed to defeat the Boko Haram Islamist insurgents responsible for attacks on civilians and mass kidnappings. Nigeria continues to be plagued by a dysfunctional economy and a corrupt state bureaucracy.

Nigeria’s oil-wealth has not led to diversification of its economy or any significant redistribution of income. The unemployment rate was almost 30% (!) in 2013 and most Nigerians—as much as 70% of the population—live below the poverty line.

As noted earlier, Nigeria is a diverse society with deep ethnic and religious divisions that frequently erupt in violence. The absence of a well-established rule-of-law culture and dependable law enforcement puts life and property at constant risk. In 2014, a militant Islamist group called Boko Haram seized control of towns and territory in northeast Nigeria and declared it a caliphate—an Islamic theocratic state—with the city of Gwoza, a city of close to half a million people, as its capital. “Few outsiders dare to visit. A trader who recently returned after making a delivery approved by the militants described it as an abattoir after hours: ‘cold, calm and full of blood’.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#WRFSSSX7W08JYCBTX573)

Boko Haram is the same group that abducted more than two hundred schoolgirls earlier in 2014 in the town of Chibok. Government officials announced a cease-fire with the group in October and claimed to have extracted a promise to release the girls, but the Boko Haram attacks continued and the girls’ fate remains in the hands of the jihadists. By the spring of 2015, the terrorist group had taken an estimated 2,000 captives, including a high percentage of girls and women.

Boko Haram, which targets Muslims and Christians alike, killed at least 4,000 civilians in 2014 and at least 1,500 in the first three months of 2015, according to Amnesty International, which estimates that the real number could be much higher. The Jonathan government’s failure to protect the people, unchecked official corruption, and gross economic mismanagement were all key factors explaining the verdict of the voters in the 2015 election.

## India: Elephant or Cheetah?

With its 1.2 billion people—17% of the world’s population—India accounts for only about 2% of global GDP and about 1% of trade.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#TMYW689H37S0CQBVR384) India has the second-largest population in the world and one of the most diverse. In geographic size (3 million square miles) it ranks seventh, behind Australia (7.7 million square miles, population 22 million) and ahead of Argentina (2.7 million square miles, population 40 million) (see Figure 9.5).

The Indian constitution recognizes sixteen languages, though census data indicates more than 1,500 languages are spoken, including dialects. The “big three” official languages are English, Hindi, and Urdu. Hindi is spoken by about one-third of all Indians. English is the elite language, spoken by all university-educated Indians. Urdu is the language of Indian Muslims, the nation’s largest minority group.

India is also home to various religions. Hinduism predominates, but there is also a large Muslim population (about 12% of the total), as well as Sikh, Jain, Parsi, Buddhist, and Christian minorities. Since Indian independence in 1947, communal violence—between Hindus and Muslims or Hindus and Sikhs—has erupted periodically. In some instances, members of one religious group have massacred members of another. In 1984, Prime Minister Indira Gandhi was assassinated by her Sikh bodyguards. In 1991, her son, former Prime Minister Rajiv Gandhi, was assassinated while campaigning to regain office.

The traditional caste system in India also created a barrier to development—everyone was born into a particular caste and remained there for life. Professions, occupations, and social status were all governed by the rules of the caste system. Members of a lower caste could not aspire to a profession or occupation reserved for a higher caste, nor could anyone marry outside his or her caste. Obviously, this rigid framework greatly impeded social mobility—the very mobility needed to transform a traditional society into a modern one. A vast underclass, called the untouchables, had no rights or opportunities in traditional India. The Indian government has since outlawed untouchability, but old attitudes die slowly, especially in tradition-bound rural societies. (Seven in ten Indians still live in small villages.)

### Landmarks in History India: A Political Miracle

After World War II, Germany and Japan were often called economic miracles. Few noticed that during this same period a political miracle was happening on the Asian subcontinent.

India gained its independence in 1947, thus becoming one of the very first former colonies to break away. Mahatma Gandhi’s leadership, exemplified by the strategy of nonviolent resistance, was a major factor in India’s successful campaign against the British raj. India’s extreme poverty and diversity at the time of independence made any attempt to create a democracy in the power vacuum that resulted from the British departure precarious. Even so, India’s early leaders, including Gandhi (who was assassinated in 1948) and Jawaharlal Nehru, India’s first elected president, resolved to bring India into the world as a democracy. And so they did.

India’s achievements since independence include:

* Maintaining a parliamentary democracy
* Reducing poverty by more than half
* Bringing about a “green revolution”; becoming a net exporter of grain
* Quadrupling literacy rates
* Vastly improving health care delivery; more than doubling life expectancy
* Achieving high annual GDP growth rates
* Emerging as a global player in pharmaceuticals, steel, information and space technologies, and telecommunications

SOURCE: The World Bank, “India Country Overview 2014.”

Societal divisions tend to be reinforcing rather than crosscutting. Thus, Indian Muslims practice their own distinct religion and live in their own insular areas, have a distinct ethnic heritage, and speak their own language. Much the same can be said of Sikhs, Jains, and other groups. In extreme cases, these divisions can lead to calls for separatism or communal violence. Militant Sikhs have called for an independent state in northwestern India (where they are concentrated).

Hindu-Muslim hatred has led to periodic massacres. In the state of Gujarat in March 2002, Hindus slaughtered as many as 2,000 Muslims. In August 2003, two bombs blamed on Muslim militants killed 52 people in Mumbai (formerly Bombay). On November 26–29, 2008, ten coordinated shooting and bombing attacks occurred in Mumbai, killing at least 173 people and injuring more than 300. The split between Hindus and Muslims continues to destabilize India—and therefore South Asia as a region—more than six decades after independence.

India was long the indigent giant of Asia, a society with a rich history and a civilization symbolized by the splendor of the Taj Mahal but unable to cope with the challenges of the modern world. Just as Hong Kong, Taiwan, South Korea, and Singapore were often called “dragons” or “tigers” not long ago, India was likened to an elephant—huge and magnificent, but encumbered by the weight of its massive body. Anyone familiar with the contemporary Asian scene, however, is more likely to think of India as a cheetah than an elephant. Neither image quite fits; paradoxically, each is half true.

Despite gains and an impressive growth spurt in recent years, India remains a poor country even by comparison with China (the only country with more people). One reason: India’s population is growing much faster than China’s. Until recently, demography has overwhelmed development in India.

Although a recent five-year growth spurt saw India’s economy grow by nearly 9% a year, China’s GDP was still 3.5 times larger than India’s in 2008-2009. China needs 8% annual growth to provide jobs for the roughly seven million new members of its workforce each year; India’s workforce is growing by about fourteen million a year—that is, it is producing about 25% of the world’s new workers. Like China, India is vulnerable to a drop in global demand for its exports. And when the Indian economy retreated in 2008-2009, Delhi’s ability to provide the needed stimulus was hampered by a budget deficit approaching 8% of GDP.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#HHEU3S15H1QS2H97Y679)

Today’s India is a study in contrasts. In the 1990s, Manmohan Singh, then prime minister, opened India’s economy by privatizing publicly owned enterprises, easing protectionist trade practices, cutting red tape, and making it possible for foreign firms in certain sectors to set up operations in India for the first time since independence.

India’s five-year plan set in 2007 called for a sustained growth rate of 9%. The downturn in 2008-2009 put a dent in the plan (the projected growth rate in 2012 was 6 to 7%, well below both the inflation and unemployment rates). Despite all, India’s road to prosperity is strewn with potholes, including woefully underdeveloped infrastructure (roads, bridges, airports, electricity, and clean water), runaway inflation, overextended commercial bank credit, and a chronic double (trade and budget) deficit.

Great inequities continue as a blight on Indian society. Thus, in 2014 the World Bank observed: “Disadvantaged groups will need to be brought into the mainstream to reap the benefits of economic growth, and women—who “hold up half the sky”—empowered to take their rightful place in the socioeconomic fabric of the country.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#KQSQRSY63AZF9K5WN242) Despite the “Green Revolution,” some 217 million children in India still suffer from malnutrition. Less than 10% of the working-age population has completed secondary education. The World Bank describes India’s infrastructure needs as “massive”:

One in three rural people lack access to an all-weather road, and only one in five national highways is four-lane. Ports and airports have inadequate capacity, and trains move very slowly. An estimated 300 million people are not connected to the national electrical grid, and those who are face frequent disruptions. And, the manufacturing sector—vital for job creation—remains small and underdeveloped.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#JXCZ2NBD4F6EYW150694)

# Obstacles to Development

The steeplechase is a challenging track-and-field event, of course, a race over fences and ditches and hurdles—in a word, an obstacle course. As such, it’s an apt metaphor for the problems facing developing nations. They, too, are in a race—against the clock and the competition. And they, too, face all sorts of obstacles.

## Self Identity: Who Am I? Where Do I Belong?

When modernization occurs, traditional ties are undermined, people are uprooted, and beliefs are challenged. Villagers tend not to trust strangers; social interaction is generally confined to family, clan, or village members. Fear of the unfamiliar, fatalism in the face of nature’s accidents, and a low sense of individual efficacy combine to make traditional peasants and villagers averse to risk taking. Modernization often forces villagers to move to cities in search of work; to interact with strangers; and to redefine themselves. Traditional people are less time-conscious than modern urbanites. Punching a clock is alien. Personal success and the spirit of free enterprise associated with entrepreneurship and competition are also alien to people accustomed to thinking in group terms (family, clan, or tribe).

Status in traditional societies is **ascriptive**; that is, it is ascribed by society on the basis of religion, age, and the like. In contrast, modern societies are (or claim to be) merit based. The Indian caste system is an extreme example of ascriptive status.

Gender is another key status factor. Male dominance is prevalent in most traditional societies, where a low level of technology, ranging from the lack of modern machines to absence of birth control, combines with high infant mortality rates to reinforce traditional gender roles and attitudes. Thus, in developing nations, the communal nature of traditional life precedes, and often precludes, individualism, entrepreneurship, and self-expression.

## Greed: West Africa’s Deadly Diamonds

Wars interfere with a nation’s development efforts by diverting the government’s attention and sapping its limited resources. Nearly all the wars since World War II have been fought in the Middle East, Africa, and Asia. Rivalries in the Middle East and Asia have also culminated in wars at various times, including those between Iran and Iraq, Pakistan and India, Vietnam and China, and China and India. Many Latin American countries also have long-standing disputes and rivalries with neighbors. Chile, for example, has engaged in military clashes with all three adjacent states: Argentina, Bolivia, and Peru.

In the 1980s, a conflict between Ethiopia and Somalia over the Ogaden region, worsened by a famine that spread across the Horn of Africa, led to a humanitarian crisis for some 1.5 million Somali refugees. This conflict was the background for the ill-fated 1992–1994 intervention by U.S. military forces, which was ostensibly to safeguard food deliveries to the starving (see discussion later in this chapter). Anarchy stalked West Africa during these years. In Sierra Leone, the diamond trade drove the violence. For years, so-called conflict diamonds from rebel-held mines allowed the brutal Revolutionary United Front (RUF) to arm and equip armies.

Between 1994 and 2007, sub-Saharan Africa was the scene of four major wars (conflicts causing at least 800,000 deaths each)—in Rwanda, Sudan, Congo, and Angola—and eighteen smaller wars. Armed conflicts in sub-Saharan Africa have not only taken a terrible toll in human life, they have also destroyed and disrupted fragile economies.

## Ethnic Hatred: Taming the Tigers

Many least developed countries were carved out of former colonial holdings with little concern for the geography or history of the area or indigenous ethnic, religious, tribal, or linguistic patterns. Too often the result has been interethnic strife and even civil war.

Modernization (another name for development) poses daunting problems for indigenous peoples. Western concepts of “nation” and “nationalism” have little relevance, and yet success in forging a single national identity is crucial. Often, militant groups or movements hostile to social integration and modernization (Westernization) obstruct efforts at nation building. For example, Islam’s emphasis on piety, devotion to Allah, prayer five times each day, and strict rules of moral conduct are at odds with secularization, the sexual revolution, materialism, and self-gratification—in other words, the kinds of social change associated with modernization in the West.

Specific examples best illustrate the practical problems associated with diverse populations. Nigeria and India are both least developed countries with very diverse populations. Although we have focused on India and Nigeria, many other least developed countries face similar problems. Take Sri Lanka, for example.

Sri Lanka is split between the majority Sinhalese (74%), who are mostly Buddhist, and the Tamils (18%), who are mostly Hindu and predominate in the northern and eastern parts of the country. Militant Tamil groups seeking to secede—notably the Tamil Tigers—have carried out terrorist acts and conducted guerrilla warfare against the central government since 1983, when an outbreak of communal riots left at least two thousand Tamils dead.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#TZLFSNDFRH3ZEZX0S719) Sri Lanka’s long and brutal civil war finally ended in 2009. During a decade in power, President Mahinda Rajapaska brought peace and progress to a country in great need of both. Having entrenched himself in power, he called for early elections in November 2014. In what one close observer has called a “miracle election,” Sri Lankan voters quietly turned Rajapaska out of office. Like India, Sri Lanka displays a pattern of cultural diversity that impedes the search for a national consensus, but the recent election demonstrates the power of elections to revitalize government and spur social change.

Rwanda and Burundi became genocidal killing fields in 1993–1994 as a result of hatred and mistrust between Hutu and Tutsi tribes. A decade later, a tragedy of similar proportions unfolded in eastern Sudan, where a government-sponsored campaign to crush rebels turned into a policy of **ethnic cleansing**, the unconscionable practice of rape, pillage, and mass murder, in the remote Darfur region. Some two million refugees—mostly women and children who managed to escape—were displaced during the genocidal civil war.

Peace talks finally produced an accord in 2005 calling for a six-year period of autonomy for South Sudan followed by a referendum on independence. The outcome was no surprise: the people of South Sudan voted overwhelmingly to divorce Sudan. South Sudan became independent in July 2011.

Development is necessary, but it is no guarantee of peace or prosperity. But as the case of South Sudan demonstrates, the reverse is also true: peace does not necessarily bring development and prosperity.

In sum, ethnically diverse societies are the rule in the LDCs. Over half of the nations created by decolonization in the postwar period are home to more than five major ethnic groups.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#EEURNL31QANJV08EY666) Ethnic diversity has made the problems of nation building in these countries complex and conflict an all-too-common occurrence.

## Poverty: First Things First

Despite significant differences in economic development and national wealth, many former colonies are still poor more than half a century after independence. Why?

Premodern economies are based on agriculture and mining. Excessive dependence on agricultural commodities and raw materials makes these societies vulnerable to the ups and downs of global markets. Some poor countries raise only one major export crop. Bangladesh, for example, produces nothing but jute for export. When the price of jute declines, Bangladesh—one of the poorest developing nations—has nothing to fall back on. Ethiopia’s monoculture economy is based on coffee exports; Cuba mainly produces sugar for export; Honduras exports bananas, and so on.

Some LDCs are economically addicted to illegal cash crops: peasants in Colombia, Ecuador, and Peru, for example, produce coca (cocaine) for export; Afghanistan is the world’s primary source of heroine (made from poppy seeds). Though many LDCs have more than one crop or mineral resource, few are highly diversified in both agriculture and industry. And even some oil-rich countries are poor despite having an abundance of “black gold.” As a result, great economic disparities still exist, not only from one country to another but also from region to region (see **Table 9.2**).

### Table 9.2.

Per Capita Gross National Income[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#QSPDW5AZ81TJL0XXM177) by Region in 2013.

| **Region** | **Per Capita GNI (US$)** |
| --- | --- |
| Arab World | 9,577[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#GJEDNS2NUAFSLZ0BJ008) |
| Sub-Saharan Africa | 3,161 |
| Latin America | 14,186 |
| South Asia | 5,005 |
| Euro Area | 37,156 |
| United States | 53,960[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#NFYLA3HZN7L1NH4YC661) |

To modernize, poor countries need to import industrial goods. To pay for manufactures, LDCs need to export food, fiber, and minerals. But the **terms of trade** tend to work against them—the price of industrial goods is high, while the price of agricultural products and raw materials is often low. Commodity prices on the world market fluctuate wildly at times, creating uncertainties and mounting foreign debt.

Some LDCs also face a serious population problem. The industrial democracies have population growth of less than 1%, and several western European countries reached zero or negative population growth by 1990. By contrast, many of the poorest countries still have birthrates in the range of 2 to 3% annually (compare **Figure 9.6** and Figure 9.7). In some African countries (Niger and the Democratic Republic of the Congo), as well as in parts of the Middle East (notably the Palestinian territories and Yemen), annual birthrates are greater than 3%.

Rapid urbanization poses acute problems because LDCs do not have the resources to support public services, build roads and bridges, or create new schools, hospitals, housing complexes, and most important, jobs. Many people do not have easy access to a water pump, much less indoor plumbing. Open sewers and contaminated drinking water pose a standing threat to public health.

Tens of millions of people go to bed hungry every night. The United Nations Food and Agriculture Organization put the number suffering from malnutrition or chronic undernourishment in 2010–2012 at 817 million, most of whom live in the least developed countries. These numbers have been falling in Asia and Latin America but are still on the rise in Africa. Many malnourished children are sick up to 160 days in a year, and chronic hunger plays a role in at least half the 10.9 million child deaths annually.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#QGUHLPVLGK05NVUL7409)

The main obstacles to ending world hunger today are political, not economic. The so-called **Green Revolution**—that is, the application of agricultural technology and modern irrigation and synthetic fertilizers to produce high-yield strains of wheat, rice, and corn—has helped ease the food-population crisis in India, Mexico, the Philippines and elsewhere, but at a high cost to the environment.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#VTEH05QGM0BDKNSTG636) People who subsist on severely limited diets do not have the energy to be productive, leaving many developing nations caught in a vicious cycle: they are poor because they are not productive enough, and they are not productive enough because they are poor.

Land tenure also poses a significant problem in many least developed countries. In some areas, land ownership—and local power—is highly concentrated; in others, land is fragmented into parcels too small to be profitable. In Africa, communal ownership of rural land is (or was) common. But as commercial plantations encroach on village land, cash crops such as maize, rice, and coffee replace traditional food crops. Young men and women are forced leave in search of work. Many become migrant farm workers, earning paltry wages during the crop-growing season.

Finally, damage to the environment is an ever-growing problem in the least developed countries. Native plants and animals are disappearing in many places, water and air pollution is rising, soil degradation and deforestation are occurring at an alarming rate from Indonesia to Brazil and in many parts of sub-Saharan Africa, causing floods, soil erosion, and loss of wildlife habitat.

The idea of progress and the closely related concept of development are both outgrowths of the Western experience. But we now know that societies in the throes of modernization are also, paradoxically, among the most vulnerable to disintegration and decay—from better to worse. As the famed political scientist, Samuel Huntington, wisely observed, “Modernization in practice always involves change in and usually the disintegration of a traditional political system, but it does not necessarily involve significant movement toward a modern political system…. Yet the tendency is to think that because social modernization is taking place, political modernization must also be taking place.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#DSRRZBSJVBV2HX0AF348)

# Failed States

The promise of development all-too-often collides with the realities of poverty, corruption, and ethnic hatred in the former colonial areas. In recent decades, the world has witnessed a grim spectacle of states and societies self-destructing and in the process destabilizing neighboring states. Clearly, development has its discontents and comes with no guarantees, no owner’s manual. In many parts of the world, it has not come at all.

The most dysfunctional (“failed”) states are wretched places where extremes are the norm, where government is either repressive or too weak to maintain a modicum of law and order. Under such circumstances, the most violent elements in society take over. Both criminal and political violence stalk the city streets and threaten villages unprotected by police or a vigilant free press.

When the world is not watching, atrocities can go unnoticed for days, weeks, even months. This image may be disturbing, but it is all too real. Among the world’s most dysfunctional states, Haiti is the one geographically closest to the United States. In this section, we look at Haiti and four other examples of failed states: Somalia, Sierra Leone, Afghanistan, and Zimbabwe. These examples by no means exhaust the list of candidates. Before the collapse of Communism (1989–1991), Soviet Russia and the Central and Eastern European countries probably belonged on that list as well. After the collapse, the former Soviet Union, Czechoslovakia, and Yugoslavia broke apart—in other words, failed.

## Haiti

Haiti banished French colonial control and slavery in a series of wars in the early nineteenth century. In so doing, it became the first republic ruled by people of African descent in world history, as well as the first independent Caribbean state. But after decades of poverty, environmental degradation, and political instability—as well as a series of brutal dictatorships and natural disasters—Haiti is the poorest country in the Western Hemisphere and one of the poorest in the world—even before the devastating 2010 earthquake in which nearly 300,000 people were killed.

That catastrophic event left the capital of Port-au-Prince in ruins and prompted a major international aid effort. Later that same year, the country was hit by a major cholera outbreak. Meanwhile, despite massive outside aid, the rubble had still not been cleared away. For a time, 1.5 million out of a population of 10.2 million were living in tents.

## Somalia

The Horn of Africa is home to several of the poorest countries on earth, including Sudan, Somalia, Eritrea, and Ethiopia. In the 1980s and 1990s, this region was afflicted by drought, famine, international conflict, civil wars, and all manner of violence. In the early 1990s, the most critical food shortages occurred in Somalia, where civil war and drought conspired to cause terrible human suffering. In August 1992, the United Nations Children’s Fund (UNICEF) triggered a massive international relief effort when it warned that two million Somalis, of a total population of slightly more than eight million, faced starvation within six months.

Against this backdrop of violence and misery, rebels ousted Somalia’s longtime dictator, Siad Barré, in January 1991. Fighting and famine followed, leaving 300,000 people dead and millions at risk of starvation. A near-total breakdown of law and order plunged the country into anarchy and placed women and children at the mercy of armed bandits, who disrupted relief efforts by international agencies, stole food intended for starving children, and murdered relief workers.

At the end of 1992, outgoing U.S. President George H. W. Bush ordered a military intervention to safeguard relief supplies and workers. The scene was so chaotic that restoring law and order proved impossible. Long after the U.S.-led UN forces departed in March 1995 (following the brutal killing of several U.S. soldiers), Somalia remained a country without a national government. Maps showing which areas were controlled by which factions looked more like a jigsaw puzzle than a political configuration.

Somalia was one of the poorest countries in Africa in the 1990s, with a per capita GNP of less than $500 and an illiteracy rate of more than 75%. Moreover, it is underdeveloped both politically and economically. The structure of Somali society is based on kinship ties, or clans—in fact, the civil war was a clan war. If Somalia cannot find a formula for political stability, it cannot rebuild its economy. The reverse is also true: stability depends on economic and social progress.

Somalia today remains a failed state. Anarchy is a boon to thieves, and Somalia is the world’s number-one haven for pirates. In 2009, Somali pirates seized a merchant ship flying the U.S. flag and held the captain hostage, prompting President Obama to authorize the use of force. Three of the hostage takers were killed by sharpshooters and a fourth was captured and put on trial in the United States. The rescue operation succeeded: the captain’s life was saved. But who will rescue Somalia?

## Sierra Leone

We have seen that political stability and the rule of law are rare in sub-Saharan Africa. Even where it once appeared to be working, it has failed—nowhere more so than in Sierra Leone.

When legislative elections were held in Sierra Leone in 1986, the aptly named All People’s Party approved 335 candidates to contest 105 elective seats. The party typically offered at least three contestants for each seat, a common practice among one-party states in sub-Saharan Africa. Voters in Sierra Leone actually had more choices—relative to personalities, at least—than voters in most U.S. legislative races.

Nonetheless, in the 1990s, Sierra Leone began a steady descent into anarchy. Between 1996 and 1998, the government changed hands four times. Then all hell broke loose, and rebel members of the so-called Revolutionary United Front began chopping off hands right and left. They chopped off heads too. They kidnapped small boys and girls and abused them in unspeakable ways. The RUF was notorious for turning boys into drug-addicted killers and sex slaves—so-called child soldiers. Kidnapped girls became sex slaves and sometimes fighters as well.[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#MKEJTK1PUENZ67QA5236)

The conflict officially ended in January 2002. It is estimated that 50,000 people were killed in the decade-long civil war, but there is no way of knowing for sure and no way of measuring the cost in shattered lives. The United Nations installed a peacekeeping force of 17,000 troops—the largest ever. The incumbent president, Ahmad Tejan Kabbah, was reelected with 70% of the vote in May 2002. Some 70,000 soldiers were disarmed and a war crimes tribunal convicted three former rebel leaders of rape and enlisting child soldiers—the first time a world court ever ruled on the recruitment of child soldiers under age 15.

War crimes trials in The Hague continued for the next five years, including the highly publicized trial of Charles Taylor, the former Liberian president, for “crimes against humanity”—specifically, aiding and abetting the violent rebel group (RUK) mainly responsible for the atrocities committed in the civil war. (A gruesome practice of the RUK was to terrorize the population by hacking off victims’ hands or feet.) The last case ended in The Hague in April 2012, with judges finding Taylor guilty as charged.

Sierra Leone is an object lesson in what can happen when a failed state sinks into anarchy. Neither the civil institutions nor the political culture necessary to support and sustain democracy were present. For a time, the appearance of democracy masked the reality of a society capable of erupting into volcanic civil violence at any moment. Today, the UN classifies Sierra Leone as one of the world’s “least livable” countries.

## Zimbabwe

Robert Mugabe has been the face of Zimbabwe since its inception in 1980. Mugabe was born in 1924 in what was then the British colony of Southern Rhodesia. He rose to prominence in the 1960s as the leader of the Zimbabwe African National Union during a long and bitter guerrilla war against white minority rule. In 1980, he became the prime minister of the new Black African government of Zimbabwe and gradually gathered dictatorial powers in his own hands, assuming the presidency in 1987. As president, Mugabe has enriched himself and his cronies while plunging his country into a degrading and desperate state of poverty. Today Zimbabwe is a failed state.

At first hailed as a symbol of the new Africa, Mugabe, a lifelong Roman Catholic, has presided over one of the worst and most corrupt governments in the world, while utterly mismanaging Zimbabwe’s postcolonial economy. Under his despotic rule, the health and well-being of the people has dropped dramatically, in a natural result of widespread poverty, unemployment, malnutrition, and the absence of medical care—as well as a costly war with the Democratic Republic of the Congo (1998–2002).

The government’s chaotic land reform program, which seized white-owned farms with the avowed aim of redistributing the land, effectively destroyed the only functioning sector of the economy and turned Zimbabwe into a net importer of food. Mugabe’s response to the economic crisis he created was to print money to cover soaring government deficits while stubbornly refusing to institute economic reforms. The IMF eventually stopped lending to Zimbabwe because of arrears on past loans.

With humanitarian food aid from the United States and the EU, the World Health Organization states that life expectancy in Zimbabwe has improved in recent years but remains low (under 52 years)—only slightly higher than Afghanistan or Somalia. In 2008, cholera claimed the lives of 4,282 people in the country; the number of suspected cases soared above 95,000. The outbreak was due to a lack of basic infrastructure—safe drinking water and sewage systems.

Runaway hyperinflation rendered the country’s currency worthless: in January 2009, a newly released $50 billion note was just enough to buy two loaves of bread! Zimbabwe’s annual GDP per capita in 2010 was estimated at a paltry $169 (PPP).

Elections in Zimbabwe are empty exercises in “democracy” designed to put the stamp of legitimacy on dictatorship. In 2002, for example, Mugabe had his leading opponent arrested for treason. A popular opposition leader named Morgan Tsvangirai was beaten and hospitalized in 2007 after Mugabe ordered police to break up a protest rally in the capital of Harare. When, despite all, Tsvangirai managed to beat Mugabe in a popular vote, Mugabe unleashed a spasm of violence that saw 163 people killed and some 5,000 tortured or brutally beaten.

Under enormous international pressure and facing a reenergized domestic opposition, Mugabe agreed to a power sharing deal, allowing Tsvangirai to become prime minister in a new dual-executive arrangement—but true to form, he installed his cronies in every ministry. In 2013, the 90-year-old autocrat PARADE magazine once named the world’s worst living dictator was reelected to a seventh term. When outgoing Prime Minister Tsvangirai declined to attend the inaugural ceremonies in 2013, a spokesman was quoted as saying, “Expecting Tsvangirai to attend the inauguration is like expecting a victim of robbery to attend a party hosted by the robber.”

During his three decades in power, Mugabe has plunged Zimbabwe into utter ruin. When he finally goes, he will leave a bitter legacy of chronic unemployment, hyperinflation (the highest in the world), and an impoverished society where the oft-repeated promise of democracy was repeatedly broken.

Mugabe is an example of the kind of corrupt and incompetent leadership that has plagued sub-Saharan Africa since the end of the colonial era. Sadly, at the end of the first decade of the twenty-first century, what distinguishes Zimbabwe’s government from that of most other countries in the region is a difference in degree, not in kind.

## Afghanistan

The United States invaded Afghanistan when it became known that the 9/11 attacks were carried out by a militant Islamic group called al Qaeda and that the Taliban, Afghanistan’s fundamentalist political regime, was allowing al Qaeda’s leader, Osama bin Laden, to use Afghanistan territory as a base of operations. What was less well known at the time (and what decision makers in Washington appear to have forgotten or overlooked) is the historical background. For nearly three decades prior to the landing of U.S. Special Forces on Afghan soil, Afghanistan had been one of the world’s most dysfunctional states. Even prior to the overthrow of the monarchy in the 1970s, the country was poor and backward, but thereafter it spiraled into two decades of bloody turmoil. By 2001, the entire country was in shambles and millions of people—especially women and children—were living on the very edge of a precipice.

Home to many ethnic groups, Afghanistan reflects the disparate populations around its periphery—Pakistan, Iran, Turkmenistan, Tajikistan, Uzbekistan, and China. The largest group, the Pashtuns, constitute about 40% of the total population (about 26 million people). Thus, there is no majority group, only minorities of different sizes. Roughly 99% of all Afghans are Muslims; about 15% are Shi’ite Muslims (as are most Iranians).

Afghanistan was a monarchy from 1747 to 1973, when the country came apart at the seams. Various factions fought for supremacy after 1973, until the Soviet Union made the fateful decision to intervene on behalf of its favorite thug (a Communist) in 1979. A brutal and protracted war ensued; the Soviet Union finally withdrew in defeat in 1989 after a decade of debilitating (and humiliating) warfare. The United States had secretly backed the Islamic resistance, called the mujahedeen, by supplying weapons and other aid to the rebel forces. Amazingly, the United States and Osama bin Laden were fighting side by side at this time.

Opponents overthrew the communist regime and seized power in 1992. The new strongman refused to relinquish power when his term officially expired, but Taliban forces assaulted the capital and ousted him in 1996. The Taliban regime instituted a totalitarian system of rule couched in the language and concepts of Islam but based on a perversion of the Qur’an (holy scripture) and Sharia law (based on the teachings of Muslim clerics or mullahs). Women and girls were forced to wear the burka (a one-piece, head-to-toe garment) in public and were forbidden to work outside the home, to go to school, or to express opinions at variance with the government. The government banned television, movies, music, dancing, and most other forms of “decadent” entertainment.

The Taliban was a brutal and repressive regime that clearly did not enjoy the support of the people. It seized control of a fragile and dysfunctional state and turned it into a tool of domestic and international terrorism. Instability in Afghanistan poses a grave danger to neighboring Pakistan as well. As a failed state, Afghanistan illustrates a stark and sobering lesson: dysfunctional states can become a threat to regional stability and world order. The solution—economic growth and development—is obvious but elusive.

Afghanistan was not Barack Obama’s war. As a presidential candidate, he opposed the war and promised to end it if elected. As the nation’s newly elected commander-in-chief in 2009, he ordered a troop surge. At that point there were 32,800 troops on the ground in Afghanistan. By the fall of 2010, that number had risen to 98,000. Nearly three-fourths of U.S. combat fatalities in Afghanistan occurred after the start of the Obama troop surge.

In June 2011, President Obama unveiled his plan for withdrawal of all U.S. combat forces from Afghanistan by the end of 2014. But it was not to be. In May 2014, Obama said it was “time to turn the page on a decade in which so much of our foreign policy was focused on the wars in Afghanistan and Iraq,” and announced that the last U.S. troops would be withdrawn by the end of 2016. Under the new timetable, the 32,000 U.S. troops still in Afghanistan would be reduced to 9,800 in 2015. But after decades of war, the prospects for peace and stability were bleak—with or without a U.S. military presence.

In December 2014, the government released the Senate Intelligence Committee’s “torture report,” detailing the CIA’s use of “enhanced interrogation” methods against suspected terrorists. Many of the torture victims were captured abroad through an extralegal process called “extraordinary rendition”—that is, without being charged or offered legal representation—and taken to “black sites” where they were held indefinitely and brutalized (“water-boarding” was only one of the ways it was done).

The CIA use of torture to extract information was previously known to the public but had never before been officially acknowledged and admitted in this way. There was fear in some quarters that release of this report would provoke extremists to launch yet another wave of international terrorism.

In retrospect, everything associated with the war on terror has led to extremes and involved extremism on all sides. The costs have been extremely high, the results have been extremely unsatisfactory, and the use of torture is not only embarrassing but also extremely antithetical to the principles enshrined in the U.S. Constitution.

# Development: Tonic or Elixir?

In the West, we think of development as a good thing. But we are seeing lots of signs that point to a different and disturbing conclusion: that it’s possible to get too much of a good thing, that overdevelopment can be as detrimental to the health and sustainability of a state and society as underdevelopment. Signs and symptoms of overdevelopment are all around us but are often too easily ignored unless we happen to be visiting Beijing during an “orange smog” alert; or living on the Jersey Shore when a super storm like Hurricane Sandy makes landfall; or caught in an afternoon rush-hour traffic jam on a Los Angeles freeway in mid-July. You can probably think of examples close to home. Go ahead. Try. (Start with what you know from firsthand experience. One example: massive multiacre high school parking lots filled with cars. You won’t see anything like it anywhere else on the planet. By the way, there were about twenty million students in grades 9 through 12 in the United States in 2012. If, say, one-third of these students drive to school …).

All societies are in a constant state of flux, rising or falling. They develop in different ways, at different rates, and at different times. In the modern era, Western societies have led the way, developing economically and technologically along lines congruent with the political institutions that evolved at the same time. In this sense, development was a natural process originating within these societies.

For least developed countries, development is often just the opposite: an alien process that originates from the outside. Development is always disruptive, but even more so when it is forced on societies, whether by foreign powers or by external circumstances.

The story of development does not end with the arrival of the postindustrial state. Most rich states boast high-tech economies offering a vast array of commercial and financial services. They still engage in agriculture, mining, and industry, but these sectors of the economy are eclipsed in importance by high-tech goods that drive the global economy—computer software, pharmaceuticals, and financial services.

The new global economy brings a higher quality of life to consumers but comes with a price—outsourcing of jobs and chronic unemployment, urban congestion and crowding, air and water pollution, epidemics and stress-related illnesses, illegal drug use, overconsumption, energy shortages, waste disposal problems, global warming, extinction of countless plant and animal species, and others.

Thus late-stage development is no more free of challenges than early-stage development. The challenges are different, but no less daunting. Overdeveloped countries—where development has outrun society’s capacity to deal with undesirable side effects of rapidly accelerating technological and social change—might do well to focus more attention on solving the problems they face and less on telling so-called underdeveloped countries what to do and how to do it.

In the West, politicians and scholars alike often uncritically accept the proposition that development is the answer to all the world’s problems. Sometimes, in an effort to be politically correct, political scientists use the term premodern to describe societies in an early stage of development. Development theory often assumes development is good—always and everywhere—and that tradition and superstition, the “dead hand of the past,” are impediments to progress. Critics argue that musings on development often amount to little more than praise for all things Western, and that Western experts on the subject are guilty of ethnocentrism.

In 1750, the French philosopher Jean-Jacques Rousseau observed, “Our souls have been corrupted in proportion to the movement of our sciences and arts towards perfection.”[\*](https://jigsaw.vitalsource.com/books/9781337512831/epub/EPUB/content/bd_chapter_0013.html#TANMAEJYYSJKHRPAV368) Rousseau’s political philosophy sprang from the notion that science and technology were eroding, rather than enhancing, our humanity. Overstated? Perhaps, but there’s no denying that development—what we often equate with the greatest advances in modern civilization—can be a double-edged sword.

# Summary

The least developed countries (LDCs) are so named because they are poor and lack basic feature of modern postindustrial states. Although generalizations and clichés are common (for example, rural poverty and urban crowding), these nations are highly diverse. The enduring legacy of European colonialism is a political map that makes little sense: borders that do not reflect indigenous ethnic, religious, and tribal patterns. The upshot in many cases is chronic instability: social unrest, rebellions, civil wars, and even genocide.

State building requires leaders that effectively unify the population (nation building), political institutions that respond to people’s needs and encourage citizen participation, and an honest government that can transfer power smoothly.

Democracy correlates with the existence of certain identifiable economic, political, social, and attitudinal variables. In most LDCs, the failure of democracy and development have gone hand in hand.

Development is an arduous task and often fails. Socially, populations are often fragmented. Psychologically, individuals are heavily dependent on tradition and frequently oppose change. Economically, problems range from unfavorable terms of trade and high foreign debt to rapid population growth, a low level of technology, entrenched land tenure problems, and environmental difficulties.

States and societies frequently disintegrate rather than develop. The Soviet Union provides the most stunning example in recent decades. Other examples include Iraq, Congo, Ethiopia, Haiti, Lebanon, Liberia, Sudan, Somalia, Sierra Leone, Zimbabwe, and Afghanistan.

Overdevelopment (the opposite of “underdevelopment”) is a problem afflicting many Western societies today. Contemporary ideas about development tend to assume its desirability despite such postindustrial problems as pollution, congestion, and drug addiction, as well as overpopulation, climate change, and pandemic diseases.